

# Bitou Municipality



## Annual Report 2017/18

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## CHAPTER 1: EXECUTIVE SUMMARY

### COMPONENT A: MAYOR'S FOREWORD AND MUNICIPAL MANAGER'S OVERVIEW

#### 1.1 MAYOR'S FOREWORD

To be included .

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## 1.2 MUNICIPAL MANAGER'S OVERVIEW

To be included.

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## 1.3 MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW

This report addresses the performance of the Bitou Municipality in the Western Cape in respect of its core legislative obligations. Local government must create the participatory framework that defines and enhances the relationship between elected leaders and their communities. This requires that the Council of the Municipality provides regular and predictable reporting on programme performance and the general state of affairs in their locality.

The 2017/18 annual report reflects on the performance of the Bitou Municipality for the period 1 July 2017 to 30 June 2018. The annual report is prepared in accordance with Section 121(1) of the Municipal Finance Management Act (MFMA), in terms of which the Municipality must prepare an annual report for each financial year.

### 1.3.1 Municipal Overview

Bitou Municipality is situated in the Western Cape Province within the jurisdictional area of Eden District Municipality. The municipal area, in extent **991.84 km<sup>2</sup>**, is situated in the South Eastern corner of the province and the Bloukrans River is the boundary between the Western and Eastern Cape Provinces. The following map indicates the extent of the Bitou Municipality's area of jurisdiction:

Below is a map of the Western Cape that indicates the location of the Bitou Municipality in the Eden District area:



Figure 1.: Bitou Area Map

## 1.3.2 Vision and Mission

The Bitou Municipality committed itself to the vision and mission of:

### Development Vision:

*To be the best together –  
Om saam die beste te wees –  
Sobalase! Sonke*

### Mission:

The political office bearers and staff of the Bitou Local Municipality commit to:

- Effecting participative and accountable development local government and governance
- Fostering effective intergovernmental relations
- Facilitating sustainable people-centred development and ensuring environmental integrity
- Proactively identifying and securing suitable land for settlement
- Providing effective basic services
- Facilitating local economic development with a particular focus on reducing poverty, creating Jobs and developing the tourism and eco-tourism sectors
- Facilitating social upliftment and community integration
- Adhering to the Batho Pele principles for its community

## 1.4 MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW

### 1.4.1 Population

The Municipality is estimated to account for 8.75 % or 49 162 of the Eden District's population of 561 322, as per census 2011.

#### a) Total Population

The table below indicates the total population within the municipal area:

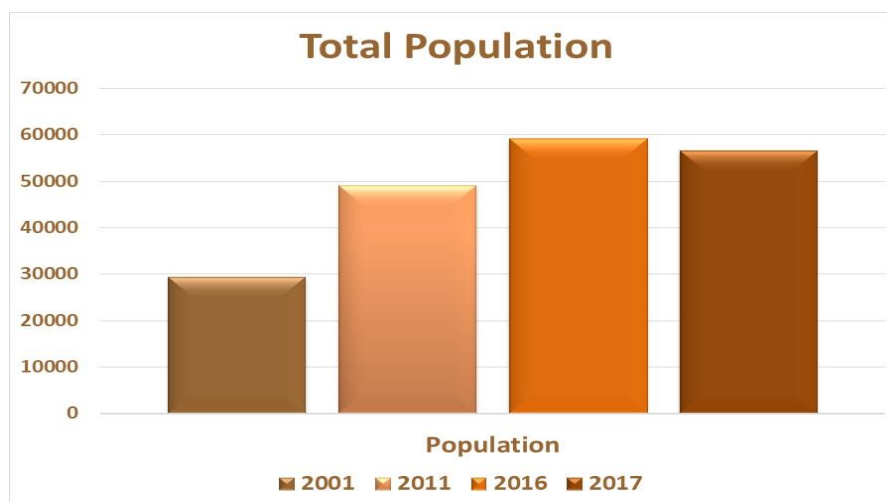
Population	2001	2011	2016	2017
	29 182	49 162	59 157	49 162
Source: IDP 2017-2022				

Table 1: Total Population

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The graph below illustrates that the total population has grown with 68% from 2001 to 2011:



Graph 1.: Total Population

## b) Population Profile

Population - Age	2001			2011		
	Male	Female	Total	Male	Female	Total
0 - 4	1 282	1 299	2 581	2 394	2 247	4 641
5 - 9	1 280	1 283	2 563	1 937	2 105	4 042
10 - 14	1 155	1 298	2 454	1 806	1 897	3 703
15 - 19	1 279	1 278	2 557	1 876	1 806	3 682
20 - 24	1 303	1 403	2 706	2 088	2 136	4 224
25 - 29	1 559	1 581	3 140	2 489	2 485	4 974
30 - 34	1 423	1 402	2 825	2 394	2 207	4 601
35 - 39	1 225	1 189	2 414	2 188	2 053	4 241
40 - 44	931	927	1 858	1 748	1 762	3 511
45 - 49	676	739	1 416	1 458	1 447	2 905
50 - 54	551	580	1 132	1 135	1 188	2 323
55 - 59	421	521	942	850	914	1 763
60 - 64	465	447	913	678	745	1 423
65 - 69	330	333	663	516	678	1 195
70 - 74	212	241	453	458	424	882
75 - 79	158	155	313	244	282	527
80 - 84	69	85	154	110	175	285
85+	22	76	98	98	141	240
<b>Total</b>	<b>14 343</b>	<b>14 839</b>	<b>29 182</b>	<b>24 468</b>	<b>24 694</b>	<b>49 162</b>



Population - Age	2001			2011		
	Male	Female	Total	Male	Female	Total

Stats SA: Census 2011

Table 2: Population Profile

## b) Population by Race Categories

Population - Racial	2001			2011		
	Male	Female	Total	Female	Male	Total
African	5 638	5 429	11 067	14 361	10 901	25 262
Coloured	5 659	6 080	11 739	7 478	7 866	15 344
Indian	45	50	95	116	133	249
White	3 001	3 280	6 281	3 960	4 347	8 307

Stats SA: Census 2011

Table 3: Race Categories

## 1.4.2 Households

The total number of households within the municipal area increased from 25 954 households in the 2016/17 financial year to a total of 26 888 households in the 2017/18 financial year.

Households	2016/17	2017/18
Number of households in municipal area	25 954	26 888
Number of indigent households in municipal area	4 234	4 381

Table 4: Total Number of Households

The table also shows that the total number of indigent households increase from 4 234 households in 2016/17 to 4 381 households in the 2017/18 financial year.

## 1.4.3 Demographic Information

### a) Municipal Geographical Information

#### Complex past, rich present

Leaving their mark on the region have been an intriguing mix of Middle Stone Age man, indigenous Khoi people, ostrich feather barons, woodcutters, farmers, gold-diggers, merchants, sailors, craftsmen, ordinary folk and even intrepid explorers such as Portugal's Bartholomew Diaz who landed at Mossel Bay in 1488, as well as a modern-day diverse mix of tycoons and artists.

#### Stone Age

Plettenberg Bay's Nelsons Bay and Matjes River Caves were inhabited by Middle Stone Age man for more than 100 000 years, with the Khoisans leaving a legacy of tools and ornaments. Deposits of their tools, ornaments and food debris can be viewed in these caves, which are still being excavated. One can also observe the geological changes over millions of years which

affected prehistoric life. Stilbaai, at the coast, boasts shell middens which date back 3 000 years, not to mention an abundance of fish traps. The presence of Blombos Cave, where it is believed that man first thought abstractly, is a further feather in the Garden Route and Klein Karoo's history books.

## Explorers

Long before Van Riebeeck landed at the Cape, Portuguese explorers of the 15th and 16th centuries called in and charted the bay, the first being Bartholomew Dias in 1487. Ninety years later Manuel da Perestrelo aptly called it Bahia Formosa or the Bay Beautiful. The first white inhabitants were the 100 men stranded here for nine months when the San Gonzales sank in 1630. In 1763 the first white settlers in the Bay were stock farmers, hunters and frontiersmen from the Western Cape.

## Griqua beginnings

Infamous historical figures include the leader of the Grikwas, Andrew Abraham Stockenström le Fleur, who by his people, was looked upon as a new Messiah. The name of Le Fleur is intimately associated with the history of the Griqua people in this area and his grave can be seen in the village of Kranshoek on the Robberg/Airport Road.

The village of Harkerville was named for Robert Charles Harker, who, as a Government resident, controlled the affairs of Plettenberg Bay for 21 years. The family graves are one of the highlights on the Plettenberg Bay town day walk.

Plettenberg Bay itself is an intriguing mix of cultures. A woodcutter's post was established in 1787 and Johann Jacob Jerling, an early inhabitant, was commissioned by the Dutch East India Co. to build a storehouse for house timber which was to be exported.

The Swede, Carl Peter Thunberg, was the first to document valuable observations on the bay and Robberg and the Governor of the Cape, Baron Joachim van Plettenberg, renamed the town Plettenberg Bay in 1779. In 1910 a Captain Sinclair set up the whaling station on Beacon Island to harvest the placid Southern Right whales but this ceased operation in 1916. The first hotel was erected by Hugh Owen Grant in 1940 and replaced in 1972 by the current well-known landmark on Beacon Island.

Today this modern town is comparable with Monaco, an exquisite emerald on shores of the azure-blue Indian Ocean; it basks between enchanting old villages. With over 300 days of sunshine a year and temperate climate, it celebrates with passion culture, spectacular nature offers, delicious cuisine, restoration of mind and body, high-adrenaline activities and land and water sports.

## History's roads

But let's continue our journey in the 1800's when the growing timber trade led to Thomas Bain building Prince Alfred Pass (1868) and the 90km forest road through the Tsitsikamma to Humansdorp. Three major passes had to be constructed: Groot Rivier, Blauwkrantz and Storms River. The Great Fire of the 1868 claimed to have made Thomas Bain's task of building the coastal road considerably easier. Bain started construction of the Groot River Pass in 1880, completing the work in 1883 with present road differing little from Bain's original.

## Nature's Valley

Moving along the road towards modern day Nature's Valley the first owner, Hendrik Barnardo, was employed at the convict station at Bloukrans established by Thomas Bain when building the road through the Tsitsikamma.

Barnardo claimed that the Groot Rivier farm had been granted to his grandfather by Lord Charles Somerset for whom he had acted as beater during hunts in the region. However, according to the Deeds records, a Barnardo had acquired it as an immigrant allotment. Barnardo held only the grazing rights to Nature's Valley until 1914 when the farm, roughly the extent of the present township, was granted to him. In 1918 Dr. Wilhelm Von Bonde persuaded Barnardo to allow him to build a shack on the lagoon near the mouth. This marked the beginning of development of Nature's valley. Today this quaint village is still slumbering in time's gone past and offers a tranquil retreat from modern day demands.

## b) Wards

The Municipality is currently structured into the following 7 Wards:

Ward	Areas
1	Covie, Natures Valley, Kurland, Craggs and Keurbooms
2	Plettenberg Bay South and Plettenberg Bay North and Bossiesgif
3	Qolweni and Pine Trees
4	New Horizon
5	Phase 1 and Phase 2 Kwanokuthula
6	Phase 3 and 4 Kwanokuthula
7	Kranshoek, Harkerville, Green Valley, Wittedrift and uplands

Table 5: Municipal Wards

The following table indicates the urban, peri-urban and rural areas situated within the boundaries of the municipality:

Urban areas	Peri-urban areas	Rural areas
Plettenberg Bay New Horizons Kwanokuthula Bossiesgif / Qolweni	Keurbooms Kranshoek Nature's Valley The Craggs / Kurland Wittedrift / Green Valley	Uplands Covie Harkerville Fisantehoeck Redford Road

Table 6: Municipal Areas

The municipal area contains a variety of landscape types containing many areas of special beauty and historical significance that can be divided into the following landscape character types:

- 🌄 Mountains and mountain valleys
- 🌄 Foothills
- 🌄 Plateau
- 🌄 Incised river valleys
- 🌄 Sheltered lowland
- 🌄 Lowland valleys and wetlands

- Estuaries
- Beach shorelines and dunes
- Rocky shores and headlands
- Seascape
- Indigenous forest
- Plantation

## c) Key Economic Activities

Tourism is seen as the cornerstone of the Bitou economy. Construction and manufacturing should also be categorized as primary contributors to creation and economic growth. It is important to view these three sectors as potential drivers of the economy without disregarding the complex manner in which it interacts with all the other sectors not mentioned here, such as agriculture, transport and the emerging markets for eco-efficient technologies focused on water, energy and waste.

The Municipality is dependent upon the following economic activities:

Key Economic Activities	Description - LED
Tourism	Bitou is a popular tourist destination. It has also become a sought-after residential location for retired persons and foreigners. This has certainly been the main contributing factor to the growth that it has experienced over the recent past. Ironically, however, this is also the reason for constraining growth. The current flow of tourists is an important source of income for the Bitou residents. Tourism development is geared towards benefiting an ever-increasing number of Bitou's population.
Manufacturing	In Bitou, this sector employs approximately 8% of all labour. Interviews with key companies in the manufacturing sector confirmed that there was great optimism about the prospects for future growth in the Bitou economy.
Trade and Construction	The trade and construction sectors of the economy are major contributors to employment and income generation in the area. As a percentage of total employment, construction and trade generate approximately 33% of total employment although this is down from 36,9% in 1996. Approximately 15% of this is generated by construction.

Table 7: Key Economic Activities

## 1.5 SERVICE DELIVERY OVERVIEW

### 1.5.1 Basic Services Delivery Performance Highlights

The table below specifies the highlights for the year:

Highlights	Description
Harkerville Boreholes	Two boreholes were drilled with a total yield of 520 kℓ/day. These boreholes have been equipped and are now operational. A chlorine dosing room was also constructed for the disinfection of the borehole water
Kurland Boreholes	Two boreholes were drilled at the Water Treatment Works. The total yield of these boreholes is 691k/day. These boreholes have been equipped and are now operational. These boreholes have augmented the water supply to 12091 kℓ/day and will be sufficient to satisfy the projected peak month demand of 929 kℓ/day in 2031



Highlights	Description
Kwanokuthula Boreholes	A new borehole on the western flank of Kwanokuthula was drilled and equipped. The borehole has a yield of ca.4ℓ/s
Plettenberg Bay Boreholes	Two boreholes were drilled and equipped at the Plettenberg Bay Country Club (Golf Course). These boreholes have a total yield of 1642 ℓ/day. One borehole was also drilled and equipped at the Water Treatment Works. This borehole has a yield of 346 ℓ/day
Kurland Wastewater Treatment Works	The small 15kW aerator at the Treatment Works was replaced with a 22kW aerator. The Works are now equipped with 2 x 22 kW aerators that can be operated simultaneously or on alternative mode depending on the oxygen requirements
Ganse-Vlei Wastewater Treatment Works	A new 75kW aerator was installed. The Works are now equipped with 2 x 75kW aerators and 2 x 55kW aerators. This upgrade will enhance the aeration capacity especially during the summer and Easter holidays when there is a large influx of holiday makers
High mast lights	The successful installation of high mast lights in Qolweni, Kwanokuthula and Kurland
Conversion of supply voltage from 22kV to 11kV	During peak season the electrical network takes strain and the conversion will subsequently ensure for a better voltage supply
New Transfer Station	Newly Build Transfer Station fully operational
Recycling (Waste Minimization Plan)	A consultant drafted a Waste Minimization Plan for Bitou Municipality
Closure permit for Robberg Landfill Site	Consultants were appointed to finalise the closure design plans and the rehabilitation process will commence shortly

Table 8: Basic Services Delivery Highlights

## 1.5.2 Basic Services Delivery Challenges

The table below specifies the challenges for the year:

Description	Actions to address
Iron and manganese in borehole water	The borehole water contains excessive amounts of iron and manganese and therefore needs to be treated in order to comply with the SANS 241 standards
Isolation of boreholes	Most of the boreholes are situated at Kwanokuthula and a pipeline needs to be installed to convey the water to the Central Water Purification Plant
Fat Traps	Excessive amounts of oil and fats from restaurants enters the Waste Water Treatment System on a regular basis. These fats accumulate in the gravity and rising mains and therefore cause major blockages in the reticulation network that gives rise to manholes that are overflowing. More effective implementation of the Building Regulations By-Laws with respect to fat traps at restaurants are required
High rate of tampering	Replace existing pre-paid meters
Additional cherry picker for street lighting and maintenance and repair work on overhead line networks	Build/expand on the MV cable network in affected areas
Illegal Dumping	Appointed small contractors to clear illegal dumping in all areas of Bitou Municipality

Description	Actions to address
Bulky Waste	In the process of SCM to appoint a service provider for providing a facility for the constructing and demolishing of bulky waste in Bitou Municipality area of jurisdiction
Building Rubble Green Waste	In the process of construction of a drop-off facility for building rubble and green waste

Table 9: Basic Service Delivery Challenges

## 1.5.3 Number of Households with Access to Basic Services (Billed)

Description	2016/17	2017/18
Electricity service connections	15 800	14 245
Water - available within 200 m from dwelling	15 707	11 495
Sanitation - Households with at least VIP service	15 520	12 111
Waste collection - kerbside collection once a week	18 037	14 271

Table 10: Households with Minimum Level of Basic Services

## 1.6 FINANCIAL HEALTH OVERVIEW

### 1.6.1 Financial Viability Highlights

The Financial Services Department plays a critical role in the municipal planning process and support to various departments in the Municipality. The department is led by the Chief Financial Officer and it has four departments. The department has 78 staff members and 10 interns

The table below specifies the highlights for the year:

Highlights	Description
Annual Financial Statements (AFS) submitted on 31 August 2017	AFS timeously completed
Annual budget approved 31 May 2017	Budget timeously completed
mSCOA	Advance implementation of mSCOA

Table 11: Financial Viability Highlights

### 1.6.2 Financial Viability Challenges

The table below specifies the challenges for the year:

Challenges	Action to address
Acute personnel shortages	Expedite filling of positions
Training of personnel	Improve external and internal training
Debt collection	Improve and monitor collection processes

Table 12: Financial Viability Challenges

## 1.6.3 National Key Performance Indicators – Municipal Financial Viability and Management (Ratios)

The following table indicates the municipality's performance in terms of the National Key Performance Indicators required in terms of the Local Government: Municipal Planning and the Performance Management Regulations of 2001 and Section 43 of the Municipal Systems Act (MSA). These key performance indicators are linked to the National Key Performance Area namely Municipal Financial Viability and Management.

Description	Basis of calculation	2016/17	2017/18
Financial viability measured in terms of the municipality's ability to meet its service debt obligations as at 30 June 2018 (Overdraft + Current Finance Lease Obligation + Noncurrent Finance Lease Obligation + Short Term Borrowings + Long term borrowing) / (Total Operating Revenue - Operational Conditional Grants) x 100	% of debt coverage as at 30 June 2018	33.19%	30%
Financial viability measured in terms of the outstanding service debtors as at 30 June 2018 ((Total outstanding service debtors/ revenue received for services) X100)	% of outstanding service debtors as at 30 June 2018	13.12%	36%
Financial viability measured in terms of the available cash to cover fixed operating expenditure as at 30 June 2018 ((Cash and Cash Equivalents - Unspent Conditional Grants - Overdraft) + Short Term Investment) / Monthly Fixed Operational Expenditure excluding (Depreciation, Amortisation, and Provision for Bad Debts, Impairment and Loss on Disposal of Assets)) as per Circular 71	Number of months it takes to cover fix operating expenditure with available cash	3.457	3.47

Table 13: National KPI's for Financial Viability and Management

## 1.6.4 Financial Overview

Details	Original budget	Adjustment Budget	Actual
	R'000		
Income			
Grants	176 356 000	182 142 781	178 620 260
Taxes, Levies and tariffs	428 742 000	418 923 842	400 121 890
Other	59 891 000	63 554 582	92 809 856
Sub Total	664 989 000	664 621 205	671 552 006
Less Expenditure	571 224 100	572 333 309	608 709 881
Net surplus/(deficit)	93 764 800	92 287 896	62 842 125

Table 14: Financial Overview

## 1.6.5 Total Capital Expenditure

Detail	2016/17	2017/18
Original Budget	116 064 000	111 864 000
Adjustment Budget	135 416 000	121 995 000
Actual	120 670 000	113 062 121
% Spent	89.11%	92.68%

Table 15: Total Capital Expenditure

## 1.7 2017/18 IDP /BUDGET PROCESS

The table below provides details of the key deadlines for the 2017/18 IDP/Budget process, as was approved by Council:

IDP/Budget Activity	Date	Applicable Legislation/ Policy Directive
IDP Process Plan: Submission to Mayoral committee and Council	25 August	<b>MSA Section 28:</b> Each municipal council, within a prescribed period after the start of its elected term, must adopt a process set out in writing to guide the planning, drafting, adoption and review of its integrated development plan  The municipality must through appropriate mechanisms, processes and procedures established in terms of Chapter 4, consult the local community before adopting the process  A municipality must give notice to the local community of particulars of the process it intends to follow
Submit the annual financial statements (AFS) and annual performance report (APR) to the Auditor General for auditing	30 August	<b>MSA Section 126(1)(a):</b> The accounting officer of a municipality must prepare the annual financial statements of the municipality and, within two months after the end of the financial year to which those statements relate, submit the statements to the Auditor-General for auditing
Submit process plan to Eden District Municipality and Provincial Government	31 August	Best Practice
Give notice of the approved process plan through local media	01 September	Best Practice
Strategy Workshop 1 (councillors, municipal manager, directors and selected senior managers) to reconcile different views and opinions of the political structures and administration.	September	<b>MSA Section 56. (2):</b> The executive mayor must -identify the needs of the municipality; review and evaluate those needs in order of priority
Strategy Workshop 2 (municipal manager, all directors and selected senior managers) to innovate and suggest solutions that contribute most to the	September	Best Practice



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IDP/Budget Activity	Date	Applicable Legislation/ Policy Directive
Strategic Goal(s) applicable to each director's department.		
Internal Analysis –critical issues / challenges with respect to every service minimum service level institutional financial performance	September to October	Best Practice
Review the Long-term financial Plan	September to October	<b>MSA Section 26(h):</b> An integrated development plan must reflect a financial plan, which must include a budget projection for at least the next three years
Community involvement <ul style="list-style-type: none"> <li>Interviews with key role-players</li> <li>Dialogue on key topics with nominated competent groups</li> <li>Customer satisfaction survey</li> </ul>		<b>MSA Section 29(1)(b):</b> The process followed by a municipality to draft its integrated development plan, including its consideration and adoption of the draft plan, must through appropriate mechanisms, processes and procedures established in terms of Chapter 4, allow for- (i) the local community to be consulted on its development needs and priorities; (ii) the local community to participate in the drafting of the integrated development plan; and (iii) Organs of state, including traditional authorities, and other role players to be identified and consulted on the drafting of the integrated development plan
Sessions with Ward Committees including sector representatives and community members: All sessions start at 19:00 <ul style="list-style-type: none"> <li>SANPARKS Community Hall</li> <li>Bicycle shed Community Hall</li> <li>Kranshoek Community Hall</li> <li>Piesang Valley Community Hall</li> <li>Kwa-Nokuthula Community Hall</li> <li>New Horizon Community Hall</li> <li>Green Valley Community Hall</li> <li>Kurland Community Hall</li> </ul>	04 October 05 October 06 October 11 October 12 October 13 October 18 October 19 October	
Commence with the multi-year capital and operating budget	September	Best Practice
Obtain inputs from directors and division heads on preliminary capital and operating budget (including review of salary, fleet and equipment budget and tariffs)	September/October	Best Practice
Commence with the compilation of new area plans		Best Practice
Workshop with BMAF/IDP Forum members and other invited stakeholders	October / November	Best Practice
Preparation of departmental operational plans and SDBIP aligned to strategic priorities in IDP and inputs from other stakeholders including government and bulk service providers (and NER)	November / December	Best Practice
Strategy Workshop (Councillors, municipal manager, directors and selected senior managers) to consolidation all strategic inputs and to formulate the first draft of a new Strategy Chapter of the IDP.	November	Best Practice
Receive audit report on annual financial statements from the Auditor-General	November/December	<b>MFMA Section 126(3):</b> The Auditor General must: (a) audit those financial statements; and submit an audit report on those statements to the

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IDP/Budget Activity	Date	Applicable Legislation/ Policy Directive
		accounting officer of the municipality or entity within three months of receipt of the statements
Ensure the Accounting Officer addresses any issues raised by the Auditor-General in the audit report - prepare action / audit plans to address and incorporate into the annual report.	Nov/Dec	Best Practice
Finalise inputs from bulk resource providers (and NER) & agree on proposed price increase	During Dec	
Review whether all bulk resource providers have lodged a request with National Treasury and SALGA seeking comments on proposed price increases of bulk resources	During Dec	Best Practice
Finalise first draft of departmental operational plans and SDBIP for review against strategic priorities	December / January	Best Practice
Finalise first draft of annual report incorporating financial and non-financial information on performance, audit reports and annual financial statements	15 December	Best Practice
<ul style="list-style-type: none"> <li>Adjustments Budget -</li> <li>Submit to Mayoral Committee</li> <li>Submit to Council</li> <li>Submit the approved adjustments budget to the provincial treasury and National Treasury</li> </ul>	18 January 26 January 27 January - 3 February	Best Practice
Ensure any written comments made to bulk resource providers by the municipality on the proposed increase of bulk resources are included in any submission made by the bulk resource providers to the required organs of state	January	Best Practice
Review whether comments from National Treasury and SALGA have been received on proposed price increases of bulk resources	January	Best Practice
Finalise detailed operating and capital budgets in the prescribed formats incorporating National & provincial budget allocations, integrate & align to IDP documentation and draft SDBIP, finalise budget policies including tariff policy	January / February	Best Practice
Review the KPI's and annual performance targets	January / February	Best Practice
Finalise the draft capital and operating budget and budget related policies		Best Practice
Finalise area plans		Best Practice
Note any provincial and national allocations to municipalities for incorporation into budget		Best Practice
Finalise corrective measures from audit report		Best Practice
Receive notification of any transfers that will be made to the municipality from other municipalities in each of the next three fin years (by no later than 120 days before the start of its budget year)	February	<b>MFMA Section 37(2):</b> In order to enable municipalities to include allocations from other municipalities in their budgets and to plan effectively for the spending of such

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IDP/Budget Activity	Date	Applicable Legislation/ Policy Directive
		allocations, the accounting officer of a municipality responsible for the transfer of any allocation to another municipality must, by no later than 120 days before the start of its budget year, notify the receiving municipality of the projected amount of any allocation proposed to be transferred to that municipality during each of the next 3 financial years.
Receive bulk resource providers' price increases as tabled in Parliament or the provincial legislature		Best Practice
<ul style="list-style-type: none"> <li>Submit draft 90 days budget to Budget Steering Committee</li> </ul>		Best Practice
<ul style="list-style-type: none"> <li>Table draft IDP and budget in Council (at least 90 days before the start of the budget year)</li> <li>Submit to Mayoral Committee</li> <li>Submit to Council</li> </ul>	31 March	<b>MFMA Section 16:</b> The council of a municipality must for each financial year approve an annual budget for the municipality before the start of that financial year. In order for a municipality to comply with subsection (1), the mayor of the municipality must table the annual budget at a council meeting at least 90 days before the start of the budget year.
Submit the budget as well as the IDP to the Local Government, Provincial Treasury, National Treasury and other affected organs of state	06 April	<b>MFMA Section 22:</b> Immediately after an annual budget is tabled in a municipal council, the accounting officer of the municipality must: <ul style="list-style-type: none"> <li>(a) in accordance with Chapter 4 of the Municipal Systems Act -                             <ul style="list-style-type: none"> <li>(i) Make public the annual budget and the documents referred to in Section 17(3); and</li> <li>(ii) invite the local community to submit representations in connection with the budget;</li> </ul> </li> <li>(b) submit the annual budget -                             <ul style="list-style-type: none"> <li>(i) in both printed and electronic formats to the National Treasury and the relevant provincial treasury; and</li> <li>(ii) in either formats to any prescribed national or provincial organs of state and to other municipalities affected by the budget</li> </ul> </li> </ul>
Submit the proposed revised IDP to the District Municipality	06 April	<b>MSA Section 29(3)(b):</b> A local municipality must draft its integrated development plan, taking into account the integrated development processes

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IDP/Budget Activity	Date	Applicable Legislation/ Policy Directive
		of, and proposals submitted to it by the district municipality <b>MPPM Regulation 3(6):</b> A local municipality that considers an amendment to its integrated development plan must- consult the district municipality in whose area it falls on the proposed amendment; and take all comments submitted to it by the district municipality into account before it takes a final decision on the proposed amendment
Make public the annual budget and invite the community to submit representations	April (21 Days)	<b>MFMA Section 22:</b> Immediately after an annual budget is tabled in a municipal council, the accounting officer of the municipality must in accordance with Chapter 4 of the Municipal Systems Act - Make public the annual budget and the documents referred to in Section 17(3); and invite the local community to submit representations in connection with the budget; submit the annual budget - in both printed and electronic formats to the National Treasury and the relevant provincial treasury; and in either formats to any prescribed national or provincial organs of state and to other municipalities affected by the budget
Publish the proposed IDP for public comment	April (21 Days)	<b>MPPM Regulation 3(4)(b):</b> No amendment to a municipality's integrated development plan may be adopted by the municipal council unless the proposed amendment has been published for public comment for a period of at least 21 days in a manner that allows the public an opportunity to make representations with regard to the proposed amendment
LGMTEC process	April	<b>MFMA Section 23(1):</b> When the annual budget has been tabled, the municipal council must consider any views of – the local community; and the National Treasury, the relevant provincial treasury and any provincial or national organs of state or municipalities which made submissions on the budget
Ward Public Meetings:	April	Best Practice
BMAF/IDP Forum Meeting	April	Best Practice



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IDP/Budget Activity	Date	Applicable Legislation/ Policy Directive
Confirm National budget for provincial and National allocations to municipalities for incorporation into budget	May	Best Practice
Review provincial & national legislation including DoRA to establish potentially new reporting requirements including annual, monthly & quarterly grant & performance reports for specific new allocations & programmes (10 working days after end of month deadlines)	May	Best Practice
Council must give the mayor an opportunity to respond to the submissions and, if necessary, to revise the budget and table amendments for consideration by the council	May	<b>MFMA Section 23(2):</b> After considering all budget submissions, the council must give the mayor an opportunity- to respond to the submissions; and if necessary, to revise the budget and table amendments for consideration by the council.
Completion of Annual Budget amendments / refinements	Before 11 May	Best Practice
Submit draft 30 days budget to Budget Steering Committee	Before 16 May	Best Practice
Table final IDP and budget in Council (at least 30 days before the start of the budget year) <ul style="list-style-type: none"> <li>Submit to Mayoral Committee</li> <li>Submit to Council</li> </ul>	31 May	<b>MFMA Section 24(1):</b> The Council must at least 30 days before the start of the budget year consider the approval of the annual budget. <b>MPPM Regulation 3(3):</b> An amendment to a municipality's integrated development plan is adopted by a decision taken by a municipal council in accordance with the rules and orders of the council.
Place the IDP, annual budget, all budget- related documents and all budget-related policies on the website (within 5 days of the adoption of the plan)	5 June	<b>MFMA Section 75(1):</b> The accounting officer of a municipality must place on the website the following documents of the municipality: the annual and adjustments budgets and all budget-related documents; and all budget-related policies <b>MSA Section 21A(1)(b):</b> All documents that must be made public by a municipality in terms of a requirement of this Act, the Municipal Finance Management Act or other applicable legislation, must be conveyed to the local community by displaying the documents on the municipality's official website, if the municipality has a website as envisaged by section 21B

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IDP/Budget Activity	Date	Applicable Legislation/ Policy Directive
		<b>MFMA Section 75(2):</b> A document referred to above must be placed on the website not later than five days after its tabling in the council or on the date on which it must be made public, whichever occurs first
Submit a copy of the revised IDP to the MEC for local government as well as Provincial Treasury (within 10 days of the adoption of the plan)	10 June	<b>MSA Section 32(1)(a):</b> The municipal manager of a municipality must submit a copy of the integrated development plan as adopted by the council of the municipality, and any subsequent amendment to the plan, to the MEC for local government in the province within 10 days of the adoption or amendment of the plan
Give notice to the public of the adoption of the IDP (within 14 days of the adoption of the plan)	14 June	<b>MSA Section 25(4)(a):</b> A municipality must, within 14 days of the adoption of its integrated development plan in terms of subsection (1) or (3) give notice to the public- of the adoption of the plan; and that copies of or extracts from the plan are available for public inspection at specified places; <b>MSA Section 21A(1)(a) and (c):</b> All documents that must be made public by a municipality in terms of a requirement of this Act, the Municipal Finance Management Act or other applicable legislation, must be conveyed to the local community - (a) by displaying the documents at the municipality's head and satellite offices and libraries; (c) by notifying the local community, in accordance with section 21, of the place, including the website address, where detailed particulars concerning the documents can be obtained.
Publicize a summary of the IDP (within 14 days of the adoption of the plan)	14 June	<b>MSA Section 25(4)(b):</b> A municipality must, within 14 days of the adoption of its integrated development plan in terms of subsection (1) or (3) publicise a summary of the plan.
Make public the approved annual budget and supporting documentation (including tariffs) (within 10 working days after approval of the budget)	10 June	<b>BUDGET AND REPORTING REGULATIONS 2009, Reg 18:</b> Within ten working days after the municipal council has approved the annual budget of a municipality, the municipal manager must in accordance with

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IDP/Budget Activity	Date	Applicable Legislation/ Policy Directive
		<p>section 21A of the Municipal Systems Act make public the approved annual budget and supporting documentation and the resolutions referred to in <b>section 24(2)(c) of the Act</b>. The municipal manager must also make public any other information that the municipal council considers appropriate to facilitate public awareness of the annual budget, including-</p> <p>Summaries of the annual budget and supporting documentation in alternate languages predominant in the community; and information relevant to each ward in the municipality.</p> <p>All information contemplated in sub regulation (2) must cover:</p> <p>the relevant financial and service delivery implications of the annual budget; and at least the previous year's actual outcome, the current year's forecast outcome, the budget year and the following two years</p>
Submit approved budget to the provincial treasury and National Treasury (within 10 working days after approval of the budget)	10 June	<p><b>MFMA Section 24(3):</b> The accounting officer of a municipality must submit the approved annual budget to the National Treasury and the relevant provincial treasury</p> <p><b>BUDGET &amp; REPORTING REGULATIONS 2009, Reg 20:</b> The municipal manager must comply with section 24(3) of the Act within ten working days after the municipal council has approved the annual budget</p>
Submit to the Executive Mayor the draft SDBIP and draft annual performance agreements for the next year (within 14 days after approval of the budget)	14 June	<p><b>MFMA Section 69(3):</b> The accounting officer must no later than 14 days after the approval of an annual budget submit to the mayor a draft service delivery and budget implementation plan for the budget year. The accounting officer must no later than 14 days after the approval of an annual budget submit to the mayor drafts of the annual performance agreements as required in terms of section 57(1)(b) of the Municipal Systems Act for the municipal manager and all senior managers.</p>
Executive Mayor takes all reasonable steps to ensure that the SDBIP is approved (within 28 days after approval of the budget)	28 June	<p><b>MFMA Section 53(1)(c)(ii):</b> The mayor of a municipality must take all reasonable steps to ensure that the municipality's service delivery and budget implementation plan is approved by the</p>

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IDP/Budget Activity	Date	Applicable Legislation/ Policy Directive
		mayor within 28 days after approval of the budget.
Place the performance agreements and all service delivery agreements on the website	28 June	<p><b>MFMA Section 75(1):</b> The accounting officer of a municipality must place on the website the following documents of the municipality:</p> <ul style="list-style-type: none"> <li>performance agreements required in terms of section 57(1)(b) of the Municipal Systems Act; and</li> <li>all service delivery agreements</li> </ul> <p><b>BUDGET &amp; REPORTING REGULATIONS 2009, Reg 19:</b> The accounting officer must place on the website all performance agreements required in terms of section 57(1)(b) of the Municipal Systems Act</p>
Submit copies of the performance agreements to Council and the MEC for local government as well as the national minister responsible for local government (within 14 days after concluding the employment contract and performance agreement)	28 June	<p><b>MFMA Section 53(3)(b):</b> Copies of such performance agreements must be submitted to the council and the MEC for local government in the province</p> <p><b>PERF REGS 2006 Reg(5):</b> The employment contract and performance agreement must be submitted to the MEC responsible for local government in the relevant province as well as the national minister responsible for local government within fourteen (14) days after concluding the employment contract and performance agreement</p>
Submit the SDBIP to National and Provincial Treasury (within 10 working days approval of the plan)	28 June	<p><b>BUDGET AND REPORTING REGULATIONS 2009, Reg 20(2)(b):</b> The municipal manager must submit to the National Treasury and the relevant provincial treasury, in both printed and electronic form the approved service delivery and budget implementation plan within ten working days after the mayor has approved the plan</p>
Make public the projections, targets and indicators as set out in the SDBIP (within 10 working days after the approval of the SDBIP)	28 June	<p><b>MFMA Section 53(3)(a):</b> The mayor must ensure that the revenue and expenditure projections for each month and the service delivery targets and performance indicators for each quarter, as set out in the service delivery and budget implementation plan, are made public no later than 14 days after the approval of the service delivery and budget implementation plan.</p> <p><b>BUDGET AND REPORTING REGULATIONS 2009, Reg 19:</b> The</p>



IDP/Budget Activity	Date	Applicable Legislation/ Policy Directive
		municipal manager must in accordance with section 21A of the Municipal Systems Act make public the approved service delivery and budget implementation plan within ten working days after the mayor has approved the plan in terms of section 53(1)(c)(ii) of the Act
Make public the performance agreements of Municipal Manager and senior managers (no later than 14 days after the approval of the SDBIP)	28 June	<b>MFMA Section 53(3)(b):</b> The mayor must ensure that the performance agreements of municipal manager, senior managers and any other categories of officials as may be prescribed, are made public no later than 14 days after the approval of the municipality's service delivery and budget implementation plan

Table 16: 2017/18 IDP/Budget Process

## CHAPTER 2: GOVERNANCE

### COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE

Good governance has 8 major characteristics. It is participatory, consensus oriented, accountable, transparent, responsive, effective and efficient, equitable and inclusive and follows the rule of law. It assures that corruption is minimized, the views of minorities are taken into account and that the voices of the most vulnerable in society are heard in decision-making. It is also responsive to the present and future needs of society.

#### 2.1 NATIONAL KEY PERFORMANCE INDICATORS -GOOD GOVERNANCE AND PUBLIC PARTICIPATION

The following table indicates the municipality's performance in terms of the National Key Performance Indicators (KPIs) required in terms of the Local Government: Municipal Planning and the Performance Management Regulations 796 of 2001 and Section 43 of the MSA. This key performance indicator is linked to the National Key Performance Area - Good Governance and Public Participation.

KPA & Indicators	Municipal Achievement	Municipal Achievement
	2016/17	2017/18
The percentage of the municipal capital budget actually spent on capital projects as at 30 June 2018 {(Actual amount spent on capital projects /Total amount budgeted for capital projects) X100	89.11%	90%

Table 17: National KPIs - Good Governance and Public Participation Performance

## 2.2 PERFORMANCE HIGHLIGHTS – GOOD GOVERNANCE HIGHLIGHTS AND PUBLIC PARTICIPATION

The table below specifies the highlights for the year:

Highlight	Description
End of year ward committee summit	Review progress of ward committee projects and activities of the year and planning for the next financial year
Review of ward committee operational plans	Review workshop on ward committee operational plans as required by the Department of Local Government

Table 18: Good Governance and Public Participation Performance Highlights

## 2.3 CHALLENGES – GOOD GOVERNANCE AND PUBLIC PARTICIPATION

The table below specifies the challenges for the year:

Description	Actions to address
Funding for ward committee operational plans	Create line item for public participation from own funding for the next financial year

Table 19: Good Governance and Public Participation Challenges

## 2.4 GOVERNANCE STRUCTURE

### 2.4.1 Political Governance Structure

The council performs both legislative and executive functions. They focus on legislative, oversight and participatory roles, and have delegated its executive function to the Executive Mayor and the Mayoral Committee. Their primary role is to debate issues publicly and to facilitate political debate and discussion. Apart from their functions as decision makers, councillors are also actively involved in community work and the various social programmes in the municipal area.

#### a) Council

The Bitou Municipal Council comprised of 13 councillors, including 7 ward councillors and 6 proportional representation councillors. The Municipality has an Executive Mayoral Committee system and the Executive Mayoral Committee was made up of councillors drawn from the ruling parties.

For the period 1 July 2017 to 24 April 2018, the Executive Mayoral Committee was made up of councillors drawn from the DA and AUF alliance, where-after the coalition agreement was cancelled.

A new coalition was then formed between the ANC and AUF, effective from 24 April 2018.

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Below are the table that categorise the councillors within their specific political parties and wards:

Name of Councillor	Capacity	Political Party	Ward representing or proportional (PR)	Gender
M Lobese	The Executive Mayor	AUF	PR	Male
J Kamkam	Ward Councillor and Deputy Mayor w.e.f. 1 July 2017 to 24 April 2018	DA	Ward 1	Female
A Olivier	Ward Councillor and Speaker w.e.f. 1 July to 24 April 2018	DA	Ward 7	Female
W Nel	PR Councillor & Mayoral Committee Member w.e.f. 1 July to 24 April 2018	DA	PR	Male
N Ndayi	PR Councillor and Mayoral Committee Member w.e.f. 1 July to 24 April 2018	DA	PR	Female
D Swart	Ward Councillor	DA	Ward 2	Male
A Windvogel	Ward Councillor	DA	Ward 4	Female
N Jacob	PR Councillor	ANC	PR	Female
M Mbali	Ward Councillor and Member of MayCo w.e.f. 24 April 2018 to 30 June 2018	ANC	Ward 5	Male
S Gcabayi	Ward Councillor & Deputy Mayor w.e.f. 24 April 2018 to 30 June 2018	ANC	Ward 6	Male
L Seyisi	PR Councillor and Member of MayCo w.e.f. 24 April 2018 to 30 June 2018	ANC	PR	Female
X Matyila	Ward Councillor	ANC	Ward 3	Male
E Wildeman	PR Councillor and Speaker w.e.f. 24 April 2018 to 30 June 2018	ANC	PR	Male

Table 20: Council

Below is a table which indicates the Council meeting attendance for the 2017/18 financial year:

Ordinary Council Meeting Dates	Special Council Meeting Dates	In Committee Meeting Dates	Council Meeting Attendance	Apologies for non-attendance
	13 July 2017		9	2
	17 July 2017		6	0
27 July 2017		27 July 2017	13	0
	31 August 2017		13	0

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Ordinary Council Meeting Dates	Special Council Meeting Dates	In Committee Meeting Dates	Council Meeting Attendance	Apologies for non-attendance
	29 September 2017	29 September 2017	13	0
31 October 2017		31 October 2017	13	0
	06 November 2017		11	2
	13 November 2017		13	0
	30 November 2017		13	0
	05 December 2017		13	0
	06 December 2017		13	0
31 January 2018		31 January 2018	13	0
	28 February 2018	28 February 2018	13	0
	29 March 2018	29 March 2018	13	0
		13 April 2018	13	0
30 April 2018		30 April 2018	13	0
		14 May 2018	7	5
	29 June 2018	29 June 2018	12	1

Table 21: Council Meetings

## b) Executive Mayoral Committee

The Executive Mayor of the Municipality, assisted by the Mayoral Committee, heads the executive arm of the Municipality. The Executive Mayor is at the centre of the system of governance, since executive powers are vested in him to manage the day-to-day affairs. This means that he has an overarching strategic and political responsibility. The key element of the executive model is that executive power is vested in the Executive Mayor, delegated by the Council, as well as the powers assigned by legislation. Although accountable for the strategic direction and performance of the Municipality, the Executive Mayor operates in concert with the Mayoral Committee.

The names of the members of the Mayoral Committee is listed in the table below for the periods as indicated:

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## Executive Mayoral Committee

Name of member	Capacity	Period
M Lobese	Executive Mayor	1 July 2017 to 30 June 2018
J Kamkam	Deputy Executive Mayor	1 July 2017 to 24 April 2018
W Nel	Member	1 July 2017 to 24 April 2018
N Ndayi	Member	1 July 2017 to 24 April 2018
S Gcabayi	Deputy Executive Mayor	24 April 2018 to 30 June 2018
L Seyisi	Member of Mayoral Committee	24 April 2018 to 30 June 2018
M Mbali	Member of Mayoral Committee	24 April 2018 to 30 June 2018

Table 22: Executive Mayoral Committee

The table below indicates the dates of the Mayoral Committee meetings and the number of reports submitted to Council for the 2017/18 financial year:

Meeting date	Number of reports submitted to Council
13 July 2017	1
17 July 2017	1
26 July 2017	13
30 August 2017	18
27 September 2017	7
26 October 2017	14
6 November 2017	2
30 November 2017	18
19 December 2017	1
30 January 2018	14
26 February 2018	19
27 March 2018	15
25 April 2018	6
14 May 2017	3
29 May 2018	6
27 June 2018	15
In Committee 2017/18	
13 July 2017	1
27 September 2017	3
26 October 2017	6
27 November 2017	2
30 November 2017	6



Meeting date	Number of reports submitted to Council
06 December 2017	4
10 January 2018	1
13 April 2018	3
24 April 2018	3
14 May 2018	4
29 May 2018	1
27 June 2018	2

Table 23: Executive Mayoral Committee Meetings

## 2.4.2 Administrative Governance Structure

The Municipal Manager is the Chief Accounting Officer of the Municipality. He is the head of the administration, and primarily has to serve as chief custodian of service delivery and implementation of political priorities. He is assisted by his direct reports, which constitutes the management team, whose structure is outlined in the table below:

Name of Official	Position	Performance agreement signed
		(Yes/No)
T Ndlovu	Municipal Manager	Yes
V Mkhefa	Chief Financial Officer	Yes
D Friedman	HOD: Strategic Services	Yes
Vacant	HOD: Engineering Services	No
V Mbelani	HOD: Corporate Services	Yes
Vacant	HOD: Community Services	No

Table 24: Administrative Governance Structure

## COMPONENT B: INTERGOVERNMENTAL RELATIONS

### 2.5 INTERGOVERNMENTAL RELATIONS

#### 2.5.1 Intergovernmental Structures

To adhere to the principles of the Constitution the municipality participates in the following intergovernmental structures:

Name of Structure	Members	Outcomes of Engagements/Topics Discussed
Western Cape Supply Chain Management Forum	Provincial Treasury and all municipalities and municipal entities in the Western Cape	SCM governance & developments
Western Cape HR Practitioners forum	HR Managers and officials from all municipalities in the Western Cape province	HR governance, compliance, advisory forum and developments
Western Cape Economic Development Forum	Provincial Treasury and all municipalities and municipal entities in the Western Cape	Economic development implementation platform

Provincial EPWP Steering Committee	Provincial Department for Public Works and Transport and all municipalities and municipal entities in the Western Cape	EPWP and job creation
District DMF (District Management Forum)	Garden Route local and district municipalities	District EPWP coordination and reporting forum
CWP Provincial Steering Committee	Provincial COGTA, The LIA (Local Implementation Agent) and all municipalities and municipal entities in the Western Cape	CWP and job creation
SALGA (Economic Development Forum)	SALGA, All provincial departments and all municipalities and municipal entities in the Western Cape	Economic Development Policy and implementation platform
South Cape Economic Platform	Garden Route local and district municipalities	Project implementation platform
HCOP (Honeybush Council of Practitioners)	Western Cape and Eastern Cape Honeybush Practitioners	Honeybush advisory and project implementation platform
Garden Route Economic Development Forum	Garden Route local and district municipalities	Economic development project implementation and reporting

Table 25: Intergovernmental Structures

## COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION

Section 16 of the Municipal Systems Act (MSA) refers specifically to the development of a culture of community participation within municipalities. It states that a municipality must develop a culture of municipal governance that complements formal representative government with a system of participatory governance. For this purpose, it must encourage and create conditions for the local community to participate in the affairs of the community. Such participation is required in terms of:

- the preparation, implementation and review of the IDP;
- establishment, implementation and review of the performance management system; and
- monitoring and review of the performance, including the outcomes and impact of such performance; and preparation of the municipal budget.

### 2.6.1 Ward Committees

It was finally agreed that all 7 wards would have 10 ward committee members, and that a stipend of R500 per ward committee member will be paid.

#### *Frequency of meetings of ward committees:*

It was agreed that ward committees meet once every two months. Items for discussion will be ward based on matters raised by the various ward committee members. They will therefore no longer receive agendas for Mayoral Committee meetings for recommendation to the Mayoral Committee, but will still receive one agenda per ward, for information.

#### *Funding of out-of-pocket expenses for ward committee members:*

Council approved that each ward committee member should receive a monthly stipend of R500 to cover transport and telephone expenditure, conditional that they attend the standing ward committee meetings that are held quarterly. With

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seven wards, the cost for Bitou Local Municipality will amount to R500 x 70 members, which will total R35 000 per month, totaling R420 000 per year. The stipend fee will be funded via the Municipal Systems Improvement Grant and Equitable Share Special Funding. Provision has been made on the 2017/18 Annual Budget.

## Ward 1: Kurland, The Craggs, Covie, Natures Valley, Keurbooms and Wittedrift.


Name of representative	Capacity representing	Dates of meetings held during the year
J Kamkam	Ward Councillor	 17 August 2017 26 February 2018 10 April 2018 26 June 2018
T Faku	Block 1	
R Mapondo	Block 2	
S Jacobs	Block 3	
R Juries	Block 4	
P Luttig	Keurbooms	
P Bernado	Covie	
J Kruger	Natures Valley	
B Phillander	Natures Valley	
L van Hyssteen	Natures Valley	
T De Kock	Natures Valley	

Table 26: Ward 1 Committee Meetings

## Ward 2: Central Town, Plettenberg Bay South and Plettenberg Bay North

Name of representative	Capacity representing	Dates of meetings held during the year
D Swart	Ward Councillor	 06 July 2017 03 October 2017 12 March 2018 17 April 2018 19 June 2018
B Richardson	Community Safety	
T Memani	Bossiesgif	
C Vlok	Education	
D Wilms	Business	
A Bryant	Keep Plett Clean	
P Falla	Environment	
A Wesley	Youth	
O Rissik	Ratepayers Association	

Table 27: Ward 2 Committee Meetings

## Ward 3: Bossiesgif, Qolweni

Name of representative	Capacity representing	Dates of meetings held during the year
X Maytila	Ward Councillor	22 March 2018
V Jokani	Block 1	
N Mispha	Block 1	

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Name of representative	Capacity representing	Dates of meetings held during the year
L Dyehi	Block 2	
M Pote	Block 2	
S William	Block 3	
L Witbooi	Block 3	
N Maseti	Block 4	
N Bangani	Block 4	
K Gojela	Block 5	
N Bangani	Block 5	

Table 28: Ward 3 Committee Meetings

## Ward 4: New Horizons split voting district Kwanokuthula

Name of representative	Capacity representing	Dates of meetings held during the year
A Windvogel	Ward Councillor	16 November 2017 12 March 2018 08 May 2018
S Kleynhans	Block 1	
Z Tshona	Block 1	
D Kamfer	Block 2	
M Louw	Block 2	
M Pienaar	Block 3	
E Lourens	Block 3	
J Hartnick	Block 4	
R Leonard	Block 4	
W Bruiners	Block 5	
M Misiwe	Block 5	

Table 29: Ward 4 Committee Meetings

## Ward 5: Kwanokuthula

Name of representative	Capacity representing	Dates of meetings held during the year
P Mbali	Ward Councillor	13 March 2018
N Krabi	Block 1	
W Sebezo	Block 1	
M Konco	Block 2	
N Maku	Block 2	
N Mcongwane	Block 3	
N Tabata	Block 3	
T Nogambula	Block 4	
H Dunga	Block 4	

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Name of representative	Capacity representing	Dates of meetings held during the year
L Matroos	Block 5	
C Nyabaza	Block 5	

Table 30: Ward 5 Committee Meetings

## Ward 6: Kwanokuthula

Name of representative	Capacity representing	Dates of meetings held during the year
S Gcabayi	Ward Councillor	15 November 2017 19 March 2018
N Koliti	Block 1	
T Magwebu	Block 1	
B Nkwali	Block 2	
M Botha	Block 2	
M Saule	Block 3	
K Tshembese	Block 3	
B Seti	Block 4	
J Lose	Block 4	
T Sipho	Block 5	
U Fillis	Block 5	

Table 31: Ward 6 Committee Meetings

## Ward 7: Kranshoek, Split voting districts Kwanokuthula & Harkerville

Name of representative	Capacity representing	Dates of meetings held during the year
A Olivier	Ward Councillor	14 November 2017 28 February 2018 03 April 2018 14 June 2018
S Sam	Green Valley	
G Pepler	Wittedrift	
L Erasmus	Block 1	
L Links	Block 2	
V Kidd	Airport	
F Kruger	Environmental	
C Pedro	Hakerville	
J Damonds	Block 3	
C Arrons	Block 4	
J Smith	Block 5	

Table 32: Ward 7 Committee Meetings

## 2.6.2 Functionality of Ward Committee

*The purpose of a ward committee is:*

- to get better participation from the community to inform council decisions;



- to make sure that there is more effective communication between the Council and the community; and
- to assist the ward councilor with consultation and report-backs to the community.

Ward committees should be elected by the community they serve. A ward committee may not have more than 10 members and women should be well represented. The ward councilor serves on the ward committee and act as the chairperson. Although ward committees have no formal powers, they advise the ward councilor who makes specific submissions directly to the administration. These committees play a very important role in the development and annual revision of the integrated development plan of the area.

The table below provides information on the establishment of ward committees and their functionality:

Ward Number	Committee established (Yes / No)	Number of reports submitted to the Speakers Office	Number meetings held during the year	Committee functioning (Yes / No)	Actions to address
1	Yes	1	3	Yes	Council has resolved that a Geographical/Block representation system be implemented to ensure functioning as well as a monitoring tool to access and enhance fully functioning committees
2	Yes	1	3	Yes	
3	Yes	1	2	Yes	
4	Yes	1	2	Yes	
5	Yes	1	2	Yes	
6	Yes	1	2	Yes	
7	Yes	1	6	Yes	

Table 33: Functioning of Ward Committees

## 2.6.3 Representative Forums

### a) Labour Forum

The table below specifies the members of the Labour Forum for the 2017/18 financial year:

Name of representative	Capacity
N Jacob	Councillor
A Windvogel	Councillor
X Matyila	Councillor
D Friedman	Head: Strategic Services
P Ngqumshe	Head: Engineering Services
V Mbelani	Head: Corporate Services
V Mkhefa	Chief Financial Officer
M Fourie	Acting Head: Community Services
H Kitsi	IMATU Representative
E Marais-Bower	IMATU Representative
D Baartman	IMATU Representative
E Kramer	IMATU Representative

Name of representative	Capacity
A Manuels	IMATU Representative
A Nkatsha	SAMWU Representative
M Mlanjeni	SAMWU Representative
M Nel	SAMWU Representative
T Dazela	SAMWU Representative
T Wildeman	Senior Manager: Human Resources
W Cloete	Senior Labour Relations Officer

Table 34: Labour Forum

## COMPONENT D: CORPORATE GOVERNANCE

Corporate governance is the set of processes, practices, policies, laws and stakeholders affecting the way an institution is directed, administered or controlled. Corporate governance also includes the relationships among the many stakeholders involved and the goals for which the institution is governed.

### 2.7 RISK MANAGEMENT

In terms of Section 62 (1)(c)(i) and Section 95(c)(i) of the MFMA, “the accounting officer of a municipality is responsible for managing the financial administration of the municipality, and must for this purpose take all reasonable steps to ensure- that the municipality has and maintains effective, efficient and transparent systems – of financial and risk management and internal control;”.

The Municipality has an In-house Risk Management function of one official. The official coordinate the updating of the risk profile for the Municipality. The Risk Management Committee has been established during the financial year by the Municipality to assist the Accounting Officer / Municipal Manager to fulfil his risk management and control responsibilities in accordance with prescribed legislation and corporate governance principles. The Executive Management Team Committee remains responsible for the management of risks and mitigation thereof.

Risk management is an integral or natural part of the organisational processes and procedures. Risk management should be embedded in the organisation, it becomes an intrinsic part of business planning and decision making. The Risk Management Committee undertakes an annual review of risk and updates the mitigation actions. This review will consider any changes to the key risks, to the probability of occurrence and consequences.

The table below indicates the top ten risks of the Municipality:

Risk
1. Inadequate budget to deliver on municipal objectives
2. Ineffective expenditure management
3. Political Instability Delays in governance (Management Committees & Council) approval process

Risk
4. Non-alignment of ICT with municipal business strategy
5. Ineffective response to severe storms and fire disasters
6. Inability of the Municipality to attract, build, nurture and retain scarce/critical skills
7. Failure to ensure effective execution of municipal projects within set targets
8. Strikes & riots due to failure to meet increase demands of human settlement housing
9. Inappropriate municipal infrastructure to meet expected community needs
10. Ineffective municipal-wide service delivery value chain

Table 35: Top Ten Risks

The Risk Management Committee was established during end of this financial year. The committee had its first meeting on 18 June 2018. The Audit Committee played an oversight role on risk management in the absence of the Risk Management Committee. The risk profile was submitted to the Audit Committee

## a) Highlights: Risk Management

The table below indicates the highlights for the year.

Highlights	Description
Dedicated Risk Management Unit	A dedicated risk official facilitating the risk assessments
Establishment of a Risk Management Committee	The Risk Management Committee had its first meeting towards the end of the financial year
Review of Enterprise Risk Management Policy	The policy was reviewed and workshopped with Executive Management Team
Development of a strategy and implementation plan	The Enterprise Risk Management Strategy have been developed and workshopped with Management
Review of the Organisational Structure.	The Risk Management function were transferred to the Division Governance and Compliance.

Table 36: Highlights: Risk Management

## b) Challenges: Risk Management

Challenges	Corrective Actions
Continuity of Risk Management Unit	There is currently one official appointed in the unit. The unit received an intern to assist in the risk management activities. Two positions were included on the organogram to assist the Chief Risk Officer
No distinction between Risk Management and Internal Audit	Awareness campaigns will be developed to explain the difference between Risk Management and the Internal Audit function
Lack of cooperation from certain Divisions	Management's responsibility was formalised and communicated. Management are reporting to the Risk Management Committee on their risk profiles
Inadequately integrating risk management in business processes	The Enterprise Risk Management Policy were amended to give unrestricted access to the officials within the Risk Management

Challenges	Corrective Actions
	unit. This is to assist management and integrating risk management in the business processes of the municipality

Table 37: Challenges: Risk Management

## c) Functions of the Risk Management unit

Below are the functions of the Risk Management Unit that was performed during the financial year under review:

Functions	Date
Review ERM policy and submit to Risk Management Committee for recommendation to Council	18 June 2018
Develop an ERM Strategy and submit to Risk Management Committee for recommendation to Council	18 June 2018
Develop a Risk Management Implementation Plan (2018/19) and submit to Risk Management Committee for recommendation to Council.	18 June 2018
Facilitate the development and review of the municipal risk profile	November 2017

Table 38: Functions: Risk Management Unit

Quarterly reports were prepared and submitted to the Risk Management Committee/ or the Audit Committee.

## 2.8 ANTI-CORRUPTION AND FRAUD

Section 83(c) of the MSA refers to the implementation of effective bidding structures to minimize the possibility of fraud and corruption and the Municipal Finance Management Act (MFMA), Section 112(1) (m)(i) identify supply chain measures to be enforced to combat fraud and corruption, favoritism and unfair and irregular practices. Section 115(1) of the MFMA states that the accounting officer must take steps to ensure mechanisms and separation of duties in a supply chain management system to minimize the likelihood of corruption and fraud.

### a) Developed Strategies

Name of strategy	Developed (Yes/No)	Date Adopted/Reviewed
Anti-fraud and Corruption Framework	Yes	31 March 2014
Establishment of the Disciplinary Board	Yes	27 May 2015

Table 39: Strategies

## 2.9 AUDIT COMMITTEE (AC)

Section 166(2) of the MFMA states that an AC is an independent advisory body which must advise the municipal council, the political office-bearers, the accounting officer and the management staff of the municipality, on matters relating to:

- internal financial control;
- risk management;

- performance management; and
- effective governance.

The AC have the following main functions as prescribed in Section 166(2) (a-e) of the MFMA and the Local Government Municipal and Performance Management Regulation:

## a) Functions of the AC

- To advise the Council on all matters related to compliance and effective governance.
- To review the annual financial statements to provide Council with an authoritative and credible view of the financial position of the municipality, its efficiency and its overall level of compliance with the MFMA, the annual Division of Revenue Act (DoRA) and other applicable legislation.
- Respond to the Council on any issues raised by the Auditor-General in the audit report.
- To review the quarterly reports submitted to it by the internal audit.
- To evaluate audit reports pertaining to financial, administrative and technical systems.
- The compilation of reports to Council, at least twice during a financial year.
- To review the performance management system and make recommendations in this regard to Council.
- To identify major risks to which Council is exposed and determine the extent to which risks have been minimised.
- To review the annual report of the Municipality.
- Review the plans of the Internal Audit function and in so doing; ensure that the plan addresses the high-risk areas and ensure that adequate resources are available.
- Provide support to the Internal Audit function.
- Ensure that no restrictions or limitations are placed on the Internal Audit section.
- Evaluate the activities of the Internal Audit function in terms of their role as prescribed by legislation.

## b) Members of the AC

Name of representative	Capacity	Meeting dates
I Boardman	Chairperson	31 July 2017 28 August 2017 (Special) 06 December 2017 05 April 2018 18 June 2018
J Roux	Member	
L Fatuse	Member – Appointed November 2017	
N Bulabula	Member – Resigned April 2018	

Table 40: Members of the AC

## 2.10 PERFORMANCE AND AUDIT COMMITTEE (PAC)

### a) Functions of the PAC

In terms of Section 14(4) (a) of the Performance Management Regulations, the PAC has the responsibility to:

- review the quarterly reports produced and submitted by the internal audit process;



- review the municipality's performance management system and make recommendations in this regard to the council of the municipality; and
- at least twice during each financial year submit a performance audit report to the council of the municipality.

## b) Members of the Performance Audit Committee

Name of representative	Capacity	Meeting dates
I Boardman	Chairperson	The members of the AC serve as the members of the PAC as well. Meeting dates are the same as the AC dates where the performance reports are reviewed as part of the agenda
J Roux	Member	
L Fatuse	Member – Appointed November 2017	
N Bulabula	Member – Resigned April 2018	

Table 41: Members of the Performance Audit Committee

## 2.11 INTERNAL AUDITING

Section 165 (2) (a) and (b)(iv) of the MFMA requires that:

The Internal Audit Unit of a municipality must:

- (a) prepare a risk-based audit plan and an internal audit program for each financial year; and
- (b) advise the accounting officer and report to the audit committee on the implementation on the internal audit plan and matters relating to:
  - (i) internal audit;
  - (ii) internal controls;
  - (iii) accounting procedures and practices;
  - (iv) risk and risk management;
  - (iv) performance management;
  - (v) loss control; and
  - (vi) compliance with this Act, the annual Division of Revenue Act and any other applicable legislation
- (c) perform other duties as may be assigned to it by the accounting officer.

The Municipality has an In-house Internal Audit function consisting of six (6) permanent officials, one (1) vacancy (Assistant internal Auditor) and three (3) inters.

## a) Highlights: Internal Audit

The table below indicates the highlights for the year.

Highlights	Description
Maintained an Unqualified audit opinion for the 2017/2018 financial year	We obtained an unqualified Audit opinion for 2017/18 financial year, and the previous year

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Highlights	Description
Filling of vacant positions	Internal audit unit has been capacitated with one vacancy remaining in order to function optimally and in terms of its mandate

Table 42: Highlights: Internal Audit

## b) Challenges: Internal Audit

The table below indicates the challenges for the year.

Challenge	Corrective Actions
Regaining of clean audit status	A three-year RBAP to be amended and drafted to assist the areas where controls are failing
Increased ad-hoc and special request audits as received, has led to the RBAP experiencing delays in achieving full completeness status during the time allocated.	RBAP has been drafted to provide, accommodate or allocate time for special request audits

Table 43: Challenges: Internal Audit

## c) Annual Audit Plan

The table below provides detail on audits completed:

Audit Engagement	Departmental System	Detail	Date completed
Phase 1			
Updating of Municipal Risk profile			
Phase 2			
Compiling Risk based Audit Plan			
Phase 3			
Financial Services	AFS Technical Review	The review conducted consisted solely of a high-level technical and quality review of compliance with GRAP, and the Municipal Finance Management Act (MFMA)	September 2017
Financial Services	Annual Stock Count 2017/2018	The objective of the internal audit review is to obtain reasonable assurance regarding the adequacy and effectiveness of the system of internal control relating to Annual Stock Count	August 2018
Financial Services	SCM Contract Management	The objective is to obtain reasonable assurance on effectiveness and adequacy of Internal Controls within the Contract Management process and obtain reasonable assurance on compliance with laws, regulations and policies	August 2018
Financial Services	Division of Revenue	Obtain reasonable assurance on effectiveness and adequacy of Internal Controls within the Grant Management System	September 2017

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Audit Engagement	Departmental System	Detail	Date completed
Financial Services	Valuations 2017/2018	The objective of the internal audit review is to obtain reasonable assurance regarding the adequacy and effectiveness of the system of internal control	April 2018
Financial Services	Surprise Cash Counts	The objective of the cash count is to obtain reasonable assurance regarding the adequacy and effectiveness of the system of internal controls regarding the cash counting procedures	January 2018
Financial Services	mSCOA compliance	Obtain reasonable assurance regarding compliance with mSCOA regulations	January 2018
Financial Services	Special Request: Tender Management / Compliance	The objective of the review is to obtain reasonable assurance regarding the adequacy and effectiveness of the procurement system and applicable processes	November 2017
Financial Services	Special Request: Capital Commitments	The objective of the internal audit review is to obtain reasonable assurance regarding the adequacy and effectiveness of the system of internal control.	March 2018
Community Services	Municipal Rental Income	The objective of the internal audit review is to obtain reasonable assurance regarding the adequacy and effectiveness of the system of internal control relating to Rental income under Property Management.	September 2018
Engineering Services	Proclaimed Roads Expenditure	Obtain reasonable assurance on effectiveness and adequacy of Internal Controls within the Proclaimed Roads Grant Management System	April 2018
Corporate Services	Overtime, Standby and Shift management	Obtain reasonable assurance on effectiveness and adequacy of Internal Controls within the Overtime, Standby and Shifts Management System	November 2017
Corporate Services	Disciplinary Processes and Consequence Management	The objective of the internal audit review is to obtain reasonable assurance regarding the adequacy and effectiveness of the system of internal control relating to Disciplinary Processes and Consequence Management.	May 2018
Corporate Services	Customer Care Process Management	The objective of the internal audit review is to obtain reasonable assurance regarding the adequacy and effectiveness of the system of internal control within Customer Care Processes.	October 2017
Corporate Services	Special Request: Bursary Reimbursement Claim	The objective of this review is to provide management with reasonable assurance regarding the accuracy and validity of the reimbursement claim due and payable to the claimant in accordance with the Municipal Study Aid and Leave Policy.	March 2018

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Audit Engagement	Departmental System	Detail	Date completed
Office of the Municipal Manager	PMS – Quarter 4 of 2016/2017	To give management as well as the members of council, and the audit committee reasonable assurance on the validity, accuracy and completeness of the information reflected on the performance management system in order to allow management to address any shortfalls that may arise as well as to ensure that the performance management information reflects the true performance of the municipality	September 2017
Office of the Municipal Manager	PMS – Quarter 1 of 2017/18	To give management as well as the members of council, and the audit committee reasonable assurance on the validity, accuracy and completeness of the information reflected on the performance management system in order to allow management to address any shortfalls that may arise as well as to ensure that the performance management information reflects the true performance of the municipality	January 2018
Office of the Municipal Manager	PMS – Quarter 2 of 2017/18	To give management as well as the members of council, and the audit committee reasonable assurance on the validity, accuracy and completeness of the information reflected on the performance management system in order to allow management to address any shortfalls that may arise as well as to ensure that the performance management information reflects the true performance of the municipality	June 2018
Office of the Municipal Manager	PMS – Quarter 3 of 2017/18	To give management as well as the members of council, and the audit committee reasonable assurance on the validity, accuracy and completeness of the information reflected on the performance management system in order to allow management to address any shortfalls that may arise as well as to ensure that the performance management information reflects the true performance of the municipality	June 2018
Office of the Municipal Manager	AG Follow Up	The objective of the internal audit review is to obtain reasonable assurance regarding the adequacy and effectiveness of the system of internal control relating to AG Follow up.	August 2018
Office of the Municipal Manager	Special Request: Salary Audit	The objective of this internal audit review is to obtain reasonable assurance regarding the accuracy of the salary calculations performed by Payroll as back pay to the employee.	November 2017
Office of the Municipal Manager	Special Request: Municipal Staff Function	The objectives of this review is to provide management with reasonable assurance through observations, on the quality of	February 2018

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Audit Engagement	Departmental System	Detail	Date completed
		catering service to be rendered by the successful bidder appointed.	
Office of the Municipal Manager	Review of Annual Report 2016/2017	The objectives of this review is to provide management with reasonable assurance regarding the adequacy and effectiveness of the system of internal control.	March 2018

Table 44: Internal Audit Coverage Plan

Below are the functions of the Internal Audit Unit that was performed during the financial year under review:

Function	Date/Number
Prepare a risk-based audit plan	25 July 2017
Advise the accounting officer and report to the Audit Committee in terms of section 165 (2) (b)	Refer to audit report dates issued
Facilitate Audit Committee meetings	Refer to meeting dates of Audit Committee

Table 45: Internal Audit Functions

## 2.12 BY-LAWS AND POLICIES

Section 11 of the MSA gives a Council the executive and legislative authority to pass and implement by-laws and policies.

Below is a list of all the policies that were developed and/or reviewed during the year:

Policies developed/ revised	Date adopted
Preferential Procurement Policy (Review & Amended)	29 Sep 2017
Review of the Bitou Municipality Drought Management Policy	31 Oct 2017
Expanded Public Works Programme (EPWP) Policy and Implementation Guidelines	29 Sep 2017
Asset Management Policy	31 May 2018
Borrowing Policy and Guidelines	31 May 2018
Budget Implementation and Monitoring Policy	31 May 2018
Credit Control & Debt Collection Policy	31 May 2018
Indigent Support Policy	31 May 2018
Infrastructure Procurement & Delivery Management Policy	31 May 2018
Investment & Cash Management Policy	31 May 2018
Liquidity, Funding and Reserves Policy	31 May 2018
Overtime Policy	31 May 2018
Petty Cash Policy	31 May 2018
Property Rates Policy	31 May 2018
Recruitment and Selection Policy	31 May 2018



Policies developed/ revised	Date adopted
Supply Chain Management Policy for Goods & Services	31 May 2018
Tariff Policy	31 May 2018
Travelling Allowance Policy	31 May 2018
Subsistence and Travel Allowance Policy 2018/2019	31 May 2018
ICT Data Backup and Recovery Policy	29 Jun 2018
ICT Disaster Recovery Policy	29 Jun 2018
ICT Operating System Security Control Policy	29 Jun 2018
ICT Security Controls Policy	29 Jun 2018
ICT User Access Management Policy	29 Jun 2018
Corporate Governance of ICT Charter	29 Jun 2018
Municipal Corporate Governance of Information and Communication Technology Policy	29 Jun 2018
Informal Trading Policy	29 Jun 2018
Fleet Management and Small Machinery Policy	29 Jun 2018
Bitou Municipal Local Contractor Development Policy	29 Jun 2018

Table 46: Policies

## 2.13 COMMUNICATION

Local government has a legal obligation and a political responsibility to ensure regular and effective communication with the community. The Constitution of the Republic of South Africa, 1996 and other statutory enactments all impose an obligation on local government and require high levels of transparency, accountability, openness, participatory democracy and direct communication with the communities to improve the lives of all.

Good customer care is clearly of fundamental importance to any organisation. A successful communication strategy therefore links the people to the municipality's programme for the year.

Below is a communication checklist of the compliance to the communication requirements:

Communication activities	Yes/No
Communication Strategy	Yes
Functional complaint management systems	Yes

Table 47: Communication Activities

## 2.13.1 Communication and Customer Care Unit

Communication Unit	Yes/No	Number of people in the Unit	Job titles
	Yes	8	Acting Manager Communication and Customer Care
			Communications Intern
			Customer Care Clerk x 6

Table 48: Communication and Customer Care Unit

## 2.13.3 Additional Communication Channels Utilised

Channel	Yes/No
Facebook	Yes
Twitter	Yes
SMS system	Yes

Table 49: Additional Communication Channels Utilised

## 2.13.4 External Communication Forums

Forum	Yes / No	Frequency	Communication issues were discussed at the forum?
District COMMs Forums	Yes	Quarterly	<ul style="list-style-type: none"> <li>Website presentation (District)</li> <li>Standby for Communicators</li> <li>Municipalities and Sector Departments provide overview of their 2 or three biggest activities over the next three months.</li> </ul>

Table 50: External Communication Forums

## 2.13.5 Communication Platforms Utilised

The table below depicts the current communications platforms utilized.

Platforms	Utilisation of Platform (Yes/No)	Purpose of usage?	Target Audience	Frequency of use or updates?	Comments or details about this platform
External newsletter	Yes	Information and to provide feedback	Community	Yearly	Due to budget constraints the distribution has been limited to once in a financial year
Radio	Yes	Information	Community	As the need arises	Effective when required, however limited due to budget constraints
Website	Yes	Information, to provide feedback and to interact	Community	Daily	Effective
Bulk SMS	Yes	Information	N/A	As the need arises	Effective
Local newspaper	Yes	Information, motivation and feedback	Community	Weekly	Effective
Press release	Yes	Information	Community	As the need arises	Effective

Posters	Yes	Information and motivation	Community, Staff	As the need arises	Effective
Loud Hailing	Yes	Information about event / meeting	Community	As the need arises	Costly in terms of overtime and availability of staff
Brochures	Yes	Information	Community, Staff	As the need arises	Effective
Pamphlets	Yes	Information	Community, Staff	As the need arises	Effective

Table 51: Communication Platforms Utilised

## 2.14 WEBSITE

Municipalities are required to develop and maintain a functional website that displays relevant information as per the requirements of S75 of the MFMA and S21A and B of the Municipal Systems Act (“MSA”) as amended.

The website should serve as a mechanism to promote accountability and transparency to communities and therefore information posted should be accurate and timeously updated.

The municipal website is a key communication mechanism in terms of service offering, information sharing and public participation. It is a communication tool that should allow easy and convenient access to relevant information. The municipal website should serve as an integral part of the municipality’s communication strategy.

The table below gives an indication about the information and documents that are published on our website:

Description of information and/or document	Yes/No and/or Date Published
<b>Municipal contact details (Section 14 of the Promotion of Access to Information Act)</b>	
Full Council details	Yes
Contact details of the Municipal Manager	Yes
Contact details of the CFO	Yes
Physical address of the Municipality	Yes
Postal address of the Municipality	Yes
<b>Financial Information (Sections 53, 75, 79 and 81(1) of the MFMA)</b>	
Draft Budget 2016/17	Yes
Adjusted Budget 2016/17	Yes
Asset Management Policy	Yes
Customer Care, Credit Control & Debt Collection Policy	Yes
Indigent Policy	Yes
Funds and Reserves Policy	Yes
Investment & Cash Management Policy	Yes
Rates Policy	Yes
Supply Chain Management Policy	Yes
Tariff Policy	Yes

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Description of information and/or document	Yes/No and/or Date Published
Virement Policy	Yes
Petty Cash Policy	Yes
Travel and Subsistence Policy	Yes
Long Term Financial Policy	Yes
Grants-In-Aid Policy	Yes
Borrowing Policy	Yes
SDBIP 2017/18	Yes
<b>Integrated Development Plan and Public Participation (Section 25(4)(b) of the MSA and Section 21(1)(b) of the MFMA)</b>	
Reviewed IDP for 2017/18	Yes
IDP Process Plan for 2017/18	Yes
<b>Supply Chain Management (Sections 14(2), 33, 37 &amp; 75(1)(e) &amp; (f) and 120(6)(b) of the MFMA and Section 18(a) of the National SCM Regulation)</b>	
List of capital assets that have been disposed	Yes
Long Term borrowing contracts	Yes
SCM contracts above R30 000	Yes
Contracts which impose a financial obligation on the municipality beyond 3 years	Yes
Section 37 of the MFMA (Unsolicited Bids/Contracts)	Yes
Public-Private Partnership agreement	Yes
Service delivery agreements	Yes
Public invitations for formal price quotations	Yes
<b>Reports (Sections 52(d), 71, 72 &amp; 75(1)(c) and 129(3) of the Municipal Finance Management Act)</b>	
Annual Report of 2016/17	Yes
Oversight reports	Yes
Mid-year budget and performance assessment	Yes
Quarterly Reports	Yes
Monthly Budget Statement	Yes
<b>Local Economic Development (Section 26(c) of the MSA)</b>	
Local Economic Development Strategy	Yes
<b>Performance Management (Section 75(1)(d) of the MFMA)</b>	
Performance agreements for employees appointed as per S57 of MSA	Yes
<b>Assurance Functions (Sections 62(1), 165 &amp; 166 of the MFMA)</b>	
Internal Audit Charter	No
Audit Committee Charter	No
Risk Management Policy	Yes

Table 52: Website Checklist

## 2.15 SCM

The Bitou Municipality Council has adopted the SCM Policy Incorporating Preferential Procurement (SCM Policy) which are reviewed annually. The policy is implemented by a functional SuCM Unit (SCMU) under the direct supervision of the Chief Financial Officer.

The Municipal Manager has also implemented a delegation system for procurement-related actions, which includes the establishment of bid committees and the appointment of members. The delegations also allow for appropriate segregation of duties and councilors are not involved in any of the procurement and tender processes.

Suppliers are informed on a continuous basis of the functions of SCM on various occasions of public engagement and an automated Supplier Database, which is updated daily, is in operation. Oversight reports are submitted regularly to Council on awards made and deviations from the requirements of the SCM Policy

### 2.15.1 Highlights: SCM

The table below specifies the highlights for the year:

Highlights	Description
Development of Job Descriptions	All job descriptions formalised and evaluated
Development of Standard Operating Procedures (SOP's)	SOP's aligned to mSCOA system

Table 53: Highlights: Supply Chain Management

### 2.15.2 Challenges: SCM

The table below specifies the challenges for the year:

Description	Actions to address
Vacancies of Senior Officials	The urgent recruitment of officials
Irregular Expenditure incurred	Improved centralization of procurement

Table 54: Challenges: Supply Chain Management

### 2.15.3 Competitive Bids in Excess of R200 000

#### a) Bid Committee Meetings

The competitive bidding process and bid committee structures are functioning effectively. Members of the bid committees are required to complete the attendance register and declare to undertake the following:

- That all information, documentation and decisions regarding any matter before the committee is confidential and undertakes not to make known anything in this regard;
- To treat all service providers and potential service providers equitably and will not purposefully favour or prejudice anybody; and
- To make known details of any private or business interest he or she or any close family member, partner or associate may have in any proposed procurement or disposal of, or in any award or contract that they will immediately withdraw from participating in any matter whatsoever.



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The bid committees have been conducted regularly through the year with attendance closely monitored in compliance with Council's SCM Policy. The following table details the number of bid committee meetings held for the 2017/18 financial year:

Bid Specification Committee	Bid Evaluation Committee	Bid Adjudication Committee
30	29	22

Table 55: Bid Committee Meetings

A Bid Specification Committee must be composed of one or more officials of the municipality, preferably the manager responsible for the function involved should at least be represented, and may, when appropriate, include external specialist advisors.

The attendance percentage of members of the Bid Specification Committee are as follows:

Committee	Number of meetings attended	Percentage attendance for quorum
Bid Specification Committee	30	100%

Table 56: Attendance of Bid Specification Committee

A Bid Evaluation Committee must as far as possible be composed of-

- (a) officials from departments requiring the goods or services; and
- (b) at least one supply chain management practitioner of the municipality.

The attendance percentage of members of the Bid Evaluation Committee are as follows:

Committee	Number of meetings attended	Percentage attendance for quorum
Bid Evaluation Committee	29	100%

Table 57: Attendance of Members of Bid Evaluation Committee

The attendance percentage of members of the Bid Adjudication Committee are as follows:

Committee	Number of meetings attended	Percentage attendance for quorum
Bid Adjudication Committee	22	100%

Table 58: Attendance of Members of Bid Adjudication Committee

## CHAPTER 3: SERVICE DELIVERY PERFORMANCE

### 3.1 OVERVIEW OF PERFORMANCE WITHIN THE ORGANISATION

Performance management is a process which measures the implementation of the organisation's strategy. It is also a management tool to plan, monitor, measure and review performance indicators to ensure efficiency, effectiveness and the impact of service delivery by the Municipality.

At local government level performance management is institutionalized through the legislative requirements on the performance management process for Local Government. Performance management provides the mechanism to measure whether targets to meet its strategic goals, set by the organisation and its employees, are met.

#### 3.1.1 Legislative Requirements

The Constitution of S.A (1996), Section 152, dealing with the objectives of local government paves the way for performance management with the requirements for an “accountable government”. The democratic values and principles in terms of Section 195 (1) are also linked with the concept of performance management, with reference to the principles of *inter alia*:

- the promotion of efficient, economic and effective use of resources
- accountable public administration
- to be transparent by providing information
- to be responsive to the needs of the community
- to facilitate a culture of public service and accountability amongst staff

The Municipal Systems Act (MSA), (Act 32 of 2000) requires municipalities to establish a performance management system. Further, the MSA and the Municipal Finance Management Act (MFMA) requires the Integrated Development Plan (IDP) to be aligned to the municipal budget and to be monitored for the performance of the budget against the IDP via the Service Delivery and the Budget Implementation Plan (SDBIP).

In terms of Section 46(1)(a) of the MSA a municipality must prepare for each financial year a performance report reflecting the municipality's and any service provider's performance during the financial year, including comparison with targets of and with performance in the previous financial year. The report must, furthermore, indicate the development and service delivery priorities and the performance targets set by the municipality for the following financial year and measures that were or are to be taken to improve performance.

#### 3.1.2 Organisation Performance

Strategic performance indicates how well the municipality is meeting its objectives and which policies and processes are working. All government institutions must report on strategic performance to ensure that service delivery is efficient, effective and economical. Municipalities must develop strategic plans and allocate resources for the implementation. The implementation must be monitored on an ongoing basis and the results must be reported on during the financial year to various role-players to enable them to timeously implement corrective measures where required.

This report highlights the strategic performance in terms of the Municipality's Top Layer SDBIP, performance on the National Key Performance Indicators prescribed in terms of Section 43 of the MSA and an overall summary of performance on municipal services.

### 3.1.3 The Performance System Followed for 2017/18

#### a) The IDP and the budget

The reviewed IDP and the budget for 2017/18 was approved by Council on 31 May 2017. The IDP and the performance management process are integrated. The IDP fulfils the planning stage of performance management. Performance management in turn, fulfils the implementation management, monitoring and evaluation of the IDP.

#### b) The SDBIP

The organisational performance is evaluated by means of a municipal scorecard (Top Layer SDBIP) at organisational level.

The SDBIP is a plan that converts the IDP and budget into measurable criteria on how, where and when the strategies, objectives and normal business process of the municipality is implemented. It also allocates responsibility to directorates to deliver the services in terms of the IDP and budget.

The Top Layer SDBIP was approved by the Executive Mayor on 13 June 2017.

The following were considered in the development of the amended Top Layer SDBIP:

- Areas to be addressed and root causes of the Auditor-General management letter, as well as the risks identified during the 2016/17 audit
- Alignment with the IDP, National KPA's, Municipal KPA's and IDP objectives
- Alignment with the adjustments budget
- Oversight Committee Report on the Annual Report of 2016/17
- The risks identified by the Internal Auditor during the municipal risk analysis

#### c) Actual performance

The Municipality utilizes an electronic web-based system on which KPI owners update actual performance on a monthly basis. KPI owners report on the results of the KPI by documenting the following information on the performance system:

- The actual result in terms of the target set
- A performance comment
- Actions to improve the performance against the target set, if the target was not achieved

It is the responsibility of every KPI owner to maintain a portfolio of evidence to support actual performance results updated.

### 3.1.4 Performance Management

Performance management is prescribed by the MSA and the Municipal Planning and Performance Management Regulations, (796 of August 2001), Section 7(1) of the aforementioned regulation states that "A Municipality's Performance Management System entails a framework that describes and represents how the municipality's cycle and processes of performance

planning, monitoring, measurement, review, reporting and improvement will be conducted, organized and managed, including determining the responsibilities of the different role players.” This framework, inter alia, reflects the linkage between the IDP, Budget, SDBIP and individual and service provider performance. The Municipality adopted a performance management framework that was approved by Council in 2009.

## a) Organisational performance

The organisational performance is monitored and evaluated via the SDBIP and the performance process can be summarised as follows:

- The Top Layer SDBIP was approved by the Executive Mayor on 23 June 2017
- The web-based system sent automated e-mails to the users of the system as a reminder to all staff responsible for updating their actual performance against key performance indicator targets every month for the previous month's performance.
- A mid-year budget and performance (Section 72) report was compiled within the legislative timeframes, tabled to Council and approved and submitted to Provincial Treasury.
- Roll-out of performance agreements for other levels of management will be cascaded down in stages over the next financial years.
- Internal Audit conducted an audit on the Top Layer SDBIP for all quarters and reported to the Performance Audit Committee on a quarterly basis.
- The Audit Committee also acts as the Performance Audit Committee and is fully functional.

## b) Individual performance management

### Senior Management

The MSA prescribes that the municipality must enter into performance-based agreements with all S57-employees and that performance agreements must be reviewed annually. This process and the format are further regulated by the Municipal Performance Regulations for Municipal Managers and Managers Directly Accountable to Municipal Managers (Regulation 805, August 2006). The performance agreements for the Municipal Manager and applicable directors for the 2017/18 financial year was signed on the following dates:

- |                           |              |
|---------------------------|--------------|
| • HOD Strategic Services: | 22 June 2017 |
| • HOD Finance/ CFO:       | 22 June 2017 |
| • Municipal Manager:      | 22 June 2017 |
| • HOD Corporate Services: | 22 June 2017 |

The following agreements were not concluded due to the fact that these positions were vacant:

- HOD Community Services
- HOD Engineering Services

## Other Municipal Personnel

The Municipality is in process to implement individual performance management to lower level staff in annual phases.

## 3.2 INTRODUCTION TO STRATEGIC AND MUNICIPAL PERFORMANCE FOR 2017/18

### 3.2.1 Strategic SDBIP (Top Layer)

The purpose of strategic performance reporting is to report specifically on the implementation and achievement of IDP outcomes. This section provides an overview on the strategic achievement of a municipality in terms of the strategic intent and deliverables achieved as stated in the IDP. The Top Layer SDBIP is the Municipality's strategic plan and shows the strategic alignment between the different documents (IDP, budget and performance agreements).

In the paragraphs below the performance achieved is illustrated against the Top Layer SDBIP according to the IDP (strategic) objectives.

The following figure explains the method by which the overall assessment of actual performance against targets set for the key performance indicators (kpi's) of the SDBIP is measured:

Category	Colour	Explanation
KPI Not Yet Measured	N/A	KPI's with no targets or actuals in the selected period
KPI Not Met	R	0% > = Actual/Target < 75%
KPI Almost Met	O	75% > = Actual/Target < 100%
KPI Met	G	Actual/Target = 100%
KPI Well Met	G2	100% > Actual/Target < 150%
KPI Extremely Well Met	B	Actual/Target > = 150%

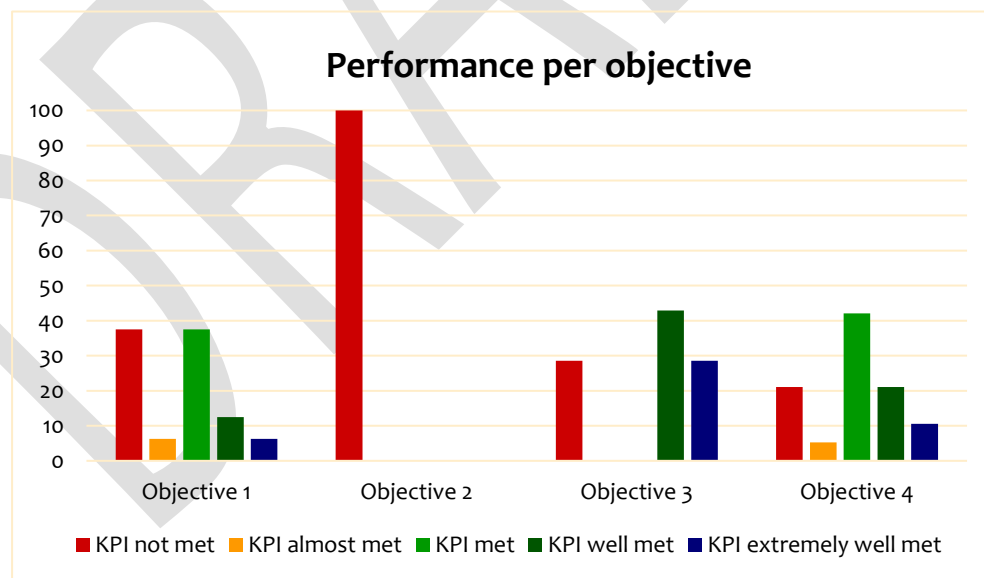
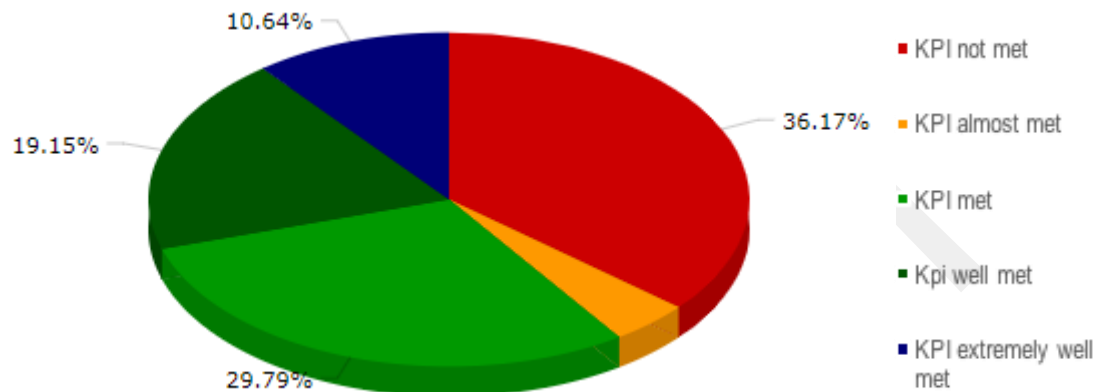
Figure 2.: SDBIP Measurement Categories



## a) Overall performance

The graph below displays the overall performance per Strategic Objective for 2017/18:

### Overall Performance



Graph 2.: Overall Performance per Strategic Objective 2017/18

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Measurement Category	Objective 1	Objective 2	Objective 3	Objective 4	Total
	Build a capable, corruption-free administration that is able to deliver on developmental mandate	Grow local economy, create jobs, empower previously disadvantaged, transform ownership to Economic development of local economy	Manage expenditure prudently, grow revenue base and build long term financial sustainability so as to invest in social and economic development	Universal access to decent quality of services	
KPI Not Met	6	5	2	4	17
KPI Almost Met	1	0	0	1	2
KPI Met	6	0	0	8	14
KPI Well Met	2	0	3	4	9
KPI Extremely Well Met	1	0	2	2	5
Total	16	5	7	19	47

Table 59: Overall Performance Per Strategic Objective for 2017/18

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## b) Actual strategic performance and corrective measures that will be implemented

### i) Build a capable, corruption-free administration that is able to deliver on developmental mandate

Ref	KPI	Unit of Measurement	Ward	Previous Year Performance	Overall Performance for 2017/18						
					Target					Actual	
					Q1	Q2	Q3	Q4	Annual		
TL6	Percentage of people equal to 70% from employment equity target groups employed in the three highest levels of management in compliance with the municipality approved employment equity plan by 30 June 2017 {(Number of people from employment equity target groups employed (appointed) in the three highest levels of management in compliance with a municipality approved employment equity plan/ Number of people employed (appointed) in the three highest levels of management)x100}	% of people equal to 70% from employment equity target groups employed in the three highest levels of management in compliance with municipality's approved employment equity plan by 30 June 2018	All	80%	0%	0%	0%	70%	70%	73.30%	G2
TL7	Spent 0.1% of operational budget on training by 30 June 2018 {(Actual total training expenditure divided by total operational budget) x100}	% of operational budget spent on training by 30 June 2018	All	0.22%	0%	0%	0%	0.10%	0.10%	0.35%	B
TL8	Conduct a comprehensive customer survey in the Greater Plettenberg Bay area by 30 June 2018 to determine the percentage customer satisfaction with the services of the Municipality	Customer Survey conducted in the Greater Plettenberg Bay area by 30 June 2018	All	New KPI for 2017/18. No comparative audited results available	0	0	0	1	1	0	R
<b>Corrective Action</b>		Due to personnel shortage the customer survey could not be conducted however the municipality is investigating the possibility for completion in the 2018/19 financial year.									
TL9	Review 100% of the Human Resources policies, with the SALGA Policy Framework Scope as basis/directive and submit to Council by 30 June 2018 {(Number of policies reviewed/total amount of HR policies) x 100}	% of HR policies reviewed and submitted to Council by 30 June 2018	All	New KPI for 2017/18. No comparative audited results available	0%	0%	0%	100%	100%	0	R
<b>Corrective Action</b>		The review of policies is currently in progress									
TL10	Review 100% of the by-laws of the Municipality and submit to Council by 30 June 2018	% of by-laws reviewed and submitted to Council by 30 June 2018	All	New KPI for 2017/18. No comparative audited results available	0%	0%	0%	100%	100%	0	R

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Ref	KPI	Unit of Measurement	Ward	Previous Year Performance	Overall Performance for 2017/18						
					Target					Actual	
					Q1	Q2	Q3	Q4	Annual		
Corrective Action		Due to personnel shortage the review of by-laws will only be completed during the 2018/19 financial year.									
TL11	Review the "System of operational delegations" and submit to Council for approval by 31 July 2017	"System of operational delegations" submitted to Council for approval by 31 July 2017	All	New KPI for 2017/18. No comparative audited results available	1	0	0	0	1	0	R
Corrective action		Due to personnel shortage the review of the “System of operational delegations” will only be completed during the 2018/19 financial year									
TL23	Spend 90% of municipal capital budget on capital projects by 30 June 2018 {(Actual amount spent on capital projects /Total amount budgeted for capital projects) X100}	% the capital budget spent on capital projects as at 30 June 2018	All	89.11%	15%	30%	60%	90%	90%	90%	G
TL29	Spend 90% of the budgeted amount for the Server Storage Project by 30 June 2018 {(Actual amount spent on project /Total amount budgeted for project) X100}	% budget spent on project as at 30 June 2018	All	New KPI for 2017/18. No comparative audited results available	15%	30%	60%	90%	90%	99%	G2
TL30	Compile and submit the Risk Based Audit Plan (RBAP) for the 2018/2019 financial year to the Audit Committee by 30 June 2018	Risk Based Audit Plan for the 2018/19 financial year compiled and submitted to the Audit Committee by 30 June 2018	All	1	0	0	0	1	1	1	G
TL31	Complete 80% of audits as scheduled in the RBAP applicable for 2017/18 by 30 June 2018 (Actual audits completed divided by the audits scheduled for the year) x100	% of audits completed as at 30 June 2018	All	81.25%	20%	40%	60%	80%	80%	75%	O
Corrective Action		The plan has been reviewed and will be submitted to the Audit Committee for approval by 31 August 2018									
TL32	Hold quarterly meetings of the Audit Committee for the 2017/2018 financial year	Number of meetings held during the 2017/18 financial year	All	4	1	1	1	1	4	4	G
TL33	Complete the annual risk assessment for 2018/19 and submit to the Audit Committee by 30 March 2018	Risk assessment of 2018/19 submitted to the Audit Committee by 30 March 2018	All	1	0	0	1	0	1	1	G
TL34	Review the Performance Management Framework and submit to Council for approval by 31 March 2018	Performance Management Framework reviewed and submitted to Council for approval by 31 March 2018	All	New KPI for 2017/18. No comparative audited results available	0	0	1	0	1	0	R

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Ref	KPI	Unit of Measurement	Ward	Previous Year Performance	Overall Performance for 2017/18							
					Target					Actual		
					Q1	Q2	Q3	Q4	Annual			
Corrective Action		Due to personnel shortage the Performance Management Framework could not be reviewed and will subsequently be dealt with during the 2018/19 financial year										
TL35	Review and submit the final IDP for 2018/19 to Council by 31 May 2018	IDP reviewed and submitted to Council by 31 May 2018	All	1	0	0	0	1	1	1	G	
TL51	Develop an ICT Disaster Recovery Plan, that can be constructed to enable the Municipality to enact an orderly and timely recovery from a disaster or disruptive incident, and submit to Council by 30 April 2018	ICT Disaster Recovery Plan developed and submitted to Council by 30 April 2018	All	New KPI for 2017/18. No comparative audited results available	0	0	0	1	1	1	G	
TL52	Submit monthly reports to the Municipal Manager during the 2017/18 financial year regarding actual or suspected security breaches or security weaknesses	Number of reports submitted	All	New KPI for 2017/18. No comparative audited results available	3	3	3	3	12	2	R	
Corrective Action		The submission of monthly reports regarding security breaches or security weaknesses will be addressed during the 2018/19 financial year										

Table 60: Top Layer SDBIP – Build a capable, corruption-free administration that is able to deliver on development mandate

## ii) Grow local economy, create jobs, empower previously disadvantaged, transform ownership patterns to economic development of local economy

Ref	KPI	Unit of Measurement	Ward	Previous Year Performance	Overall Performance for 2017/18						
					Target					Actual	
					Q1	Q2	Q3	Q4	Annual		
TL38	Develop an Economic Growth and Development Strategy and submit to Council by 31 March 2018	Economic Growth and Development Strategy submitted to Council by 31 March 2018	All	New KPI for 2017/18. No comparative audited results available	0	0	1	0	1	0	R
<b>Corrective Action</b>		The development of an Economic Growth Development Strategy will be conducted in 2018/19									
TL39	Finalise the Tourism Bylaw and submit to Council by 30 September 2017	Tourism Bylaw finalised and submitted to Council by 30 September 2017	All	New KPI for 2017/18. No comparative audited results available	1	0	0	0	1	0	R
<b>Corrective Action</b>		The Tourism by-law will be tabled in the 2018/19 financial year									
TL40	Develop and submit the "Development Agency" model and submit to	"Development Agency" model developed and submitted to	All	New KPI for 2017/18. No comparative audited	0	0	0	1	1	0	R



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Ref	KPI	Unit of Measurement	Ward	Previous Year Performance	Overall Performance for 2017/18						
					Target					Actual	
					Q1	Q2	Q3	Q4	Annual		
	Council for approval by 30 June 2018	Council for approval by 30 June 2017		results available							
<b>Corrective Action</b>		The development and submission to Council for the “Development Agency” will be conducted during the 2018/19 financial year									
TL41	Develop and complete a feasibility study and business plan for the Eden Bio-Dome by 30 June 2018	Eden Bio-Dome feasibility study and business plan developed and completed by 30 June 2018	All	New KPI for 2017/18. No comparative audited results available	0	0	0	1	1	0	R
<b>Corrective Action</b>		The development of the feasibility study and business plan for the Eden Bio-Dome will be completed in the 2018/19 financial year									
TL42	Develop and complete a feasibility study and business plan for the Robberg Cultural Bridge by 30 June 2018	Robberg Cultural Bridge feasibility study and business plan developed and completed by 30 June 2018	All	New KPI for 2017/18. No comparative audited results available	0	0	0	1	1	0	R
<b>Corrective Action</b>		The feasibility study and business plan for the Robberg Cultural Bridge will be completed during the 2018/19 financial year									

Table 61: Top Layer SDBIP – Grow local economy, create jobs, empower previously disadvantaged, transform ownership patterns to Economic development of local economy

### iii) Manage expenditure prudently, grow revenue base and build long term financial sustainability so as to invest in social and economic development

Ref	KPI	Unit of Measurement	Ward	Previous Year Performance	Overall Performance for 2017/18						
					Target					Actual	
					Q1	Q2	Q3	Q4	Annual		
TL20	Provide subsidies for free basic services to indigent households as at 30 June 2018	Number of indigent households receiving subsidies for free basic services as per FMS as at 30 June 2018	All	New KPI for 2017/18. No comparative audited results available	4 274	4 274	4 274	4 274	4 274	4 381	G2
TL21	Provide subsidies for services to sub economic households as at 30 June 2018	Number of sub economic households receiving subsidies for services as per FMS as at 30 June 2018	All	New KPI for 2017/18. No comparative audited results available	2 493	2 493	2 493	2 493	2 493	2 897	G2

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Ref	KPI	Unit of Measurement	Ward	Previous Year Performance	Overall Performance for 2017/18						
					Target					Actual	
					Q1	Q2	Q3	Q4	Annual		
TL22	Submit monthly progress reports to the Municipal Manager during the 2017/18 financial year regarding the implementation of the mSCOA Regulation	Number of reports submitted	All	New KPI for 2017/18. No comparative audited results available	3	3	3	3	12	2	R
Corrective action		Control measures will be implemented to ensure compliance									
TL24	Financial viability measured in terms of the municipality's ability to meet its service debt obligations as at 30 June 2018 (Overdraft + Current Finance Lease Obligation + Noncurrent Finance Lease Obligation + Short Term Borrowings + Long term borrowing) / (Total Operating Revenue - Operational Conditional Grants) x 100	% of debt coverage as at 30 June 2018	All	33.19%	0%	0%	0%	45%	45%	30%	B
TL25	Financial viability measured in terms of the outstanding service debtors as at 30 June 2018 ((Total outstanding service debtors/ revenue received for services) X100)	% of outstanding service debtors as at 30 June 2018	All	13.12%	0%	0%	0%	11.80%	11.80%	36%	R
Corrective Action		The Municipality will implement review and monitoring procedures of debt collection process in order to address this matter									
TL26	Financial viability measured in terms of the available cash to cover fixed operating expenditure as at 30 June 2018 ((Cash and Cash Equivalents - Unspent Conditional Grants - Overdraft) + Short Term Investment) / Monthly Fixed Operational Expenditure excluding (Depreciation, Amortisation, and Provision for Bad Debts, Impairment and Loss on Disposal of Assets)) as per Circular 71	Number of months it takes to cover fix operating expenditure with available cash	All	3.157	0	0	0	2	2	3.47	B
TL27	Achieve a debtor payment percentage of 95% by 30 June 2018 (Gross Debtors Closing Balance + Billed Revenue - Gross Debtors Opening Balance - Bad Debts Written Off)/Billed Revenue x 100	% debtor payment achieved as at 30 June 2018	All	93.11%	95%	95%	95%	95%	95%	102%	G2

Table 62: Top Layer SDBIP – Manage expenditure prudently, grow revenue base and build long term financial sustainability so as to invest in social and economic development

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## iv) Universal access to decent quality of services

Ref	KPI	Unit of Measurement	Ward	Previous Year Performance	Overall Performance for 2017/18						
					Target					Actual	
					Q1	Q2	Q3	Q4	Annual		
TL1	Complete 120 Top Structures in Kwanokuthula for the 2017/2018 financial year	Number of top structures completed	5;6	New KPI for 2017/18. No comparative audited results available	0	0	0	120	120	0	R
Corrective Action		The Municipality will expedite the finalization of tenders during the 2018/19 financial year									
TL2	Complete and submit funding application for the development in certain areas of Qolweni and Kurland to the Department of Human Settlements by 30 June 2018	Funding application completed and submitted to the Department of Human Settlements by 30 June 2018	3;4	New KPI for 2017/18. No comparative audited results available	0	0	0	1	1	1	G
TL3	Complete and submit funding application for the development of FLISPS in the vicinity of Shell Ultra City to the Department of Human Settlements by 30 June 2018	Funding application completed and submitted to the Department of Human Settlements by 30 June 2018	2	New KPI for 2017/18. No comparative audited results available	0	0	0	1	1	1	G
TL4	Complete and submit the closure plan of the refuse site to the Department of Environmental Affairs by 31 March 2018	Closure plan completed and submitted to the Department of Environmental Affairs by 31 March 2018	All	New KPI for 2017/18. No comparative audited results available	0	0	1	0	1	0	R
Corrective Action		No closure plan was submitted due to consulting. Matter will be rectified in the new financial year.									
TL12	Create 200 job opportunities in terms of the EPWP during the 2017/2018 financial year by 30 June 2018	Number of job opportunities created by 30 June 2018	All	219	0	40	80	200	200	289.4	G2
TL13	Reseal 2 kilometers of road by 30 June 2018	Kilometers of road resealed by 30 June 2018	All	New KPI for 2017/18. No comparative audited results available	0	0	0	2	2	5.33	B
TL14	Complete the rehabilitation of High Street in Green Valley by 30 June 2018	Project completed by 30 June 2018	1	New KPI for 2017/18. No comparative audited results available	0	0	0	1	1	1	G
TL15	Upgrade 1.8 kilometers of roads by 30 June 2018	Kilometers of road upgraded by 30 June 2018	All	New KPI for 2017/18. No comparative audited results available	1	0	0	0	1.80	1.20	R
Corrective Action		The 600m in Beacon Way will be completed during the 2018/19 financial year									
TL16	Provide piped water to properties which are connected to the municipal water infrastructure network	Number of properties that receive piped water as per the FMS as at 30 June 2018	All	11 506	10 581	10 581	10 581	10 581	10 581	11 495	G2

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Ref	KPI	Unit of Measurement	Ward	Previous Year Performance	Overall Performance for 2017/18						
					Target					Actual	
					Q1	Q2	Q3	Q4	Annual		
	and billed for the service as at 30 June 2018										
TL17	Provide electricity to properties connected to the municipal electrical infrastructure network and billed for the service as well as prepaid electrical metering as at 30 June 2018	Number of properties connected to the municipal electrical infrastructure network (credit and prepaid electrical metering) as per the FMS as at 30 June 2018	All	12 317	12 075	12 075	12 075	12 075	12 075	14 245	G2
TL18	Provide sanitation services to properties which are connected to the municipal waste water (sanitation/sewerage) network & are billed for sewerage service, irrespective of the number of water closets (toilets) as at 30 June 2018	Number of residential properties which are billed for sewerage in accordance with the financial system as at 30 June 2018	All	12 775	12 123	12 123	12 123	12 123	12 123	12 111	O
Corrective Action		The decrease in connections to be investigated and corrected if necessary during 2018/19									
TL19	Provide refuse services to properties for which refuse is removed and billed for the service as at 30 June 2018	Number of properties which are billed for refuse removal as per the FMS as at 30 June 2018	All	14 041	10 338	10 338	10 338	10 338	10 338	14 271	G2
TL28	Limit real water losses to less than 15% as at 30 June 2018 (Number of Kiloliters Water Purified - Number of bulk Kiloliters metered Water)	% real water losses by 30 June 2018	All	7.6%	0%	0%	0%	15%	15%	8.54%	B
TL45	Limit unaccounted for electricity to less than 10% as at 30 June 2018 {(Number of units purchased - Number of units Sold (incl free basic electricity) / Number of units) 100}	% unaccounted electricity by 30 June 2018	All	New KPI for 2017/18. No comparative audited results available	0%	0%	0%	10%	10%	13.16%	R
Corrective Action		The increase in losses to be investigated during 2018/19 and the corrective measures to be instituted where necessary									
TL46	Review the Disaster Management Plan during the 2017/2018 financial year and submit to Council by 31 March 2018	Disaster Management Plan reviewed and submitted to Council by 31 March 2018	All	New KPI for 2017/18. No comparative audited results available	0	0	1	0	1	1	G
TL47	Conduct two risk safety inspections per month during the 2017/18 financial year	Number of risk safety inspections conducted during the 2017/18 financial year	All	New KPI for 2017/18. No comparative audited results available	6	6	6	6	24	24	G

Ref	KPI	Unit of Measurement	Ward	Previous Year Performance	Overall Performance for 2017/18						
					Target					Actual	
					Q1	Q2	Q3	Q4	Annual		
TL48	Conduct one special operation per month during the 2017/18 financial year	Number of special operations conducted during the 2017/18 financial year	All	New KPI for 2017/18. No comparative audited results available	3	3	3	3	12	12	G
TL49	Conduct two education programmes per quarter during the 2017/18 financial year	Number of education programmes conducted during the 2017/18 financial year	All	New KPI for 2017/18. No comparative audited results available	2	2	2	2	8	8	G
TL50	Conduct monthly crime prevention initiatives during the 2017/18 financial year	Number of monthly crime prevention initiatives conducted during the 2017/18 financial year	All	New KPI for 2017/18. No comparative audited results available	3	3	3	3	12	12	G

Table 63: Top Layer SDBIP – Universal access to decent quality of services

### 3.2.2 Service Providers Strategic Performance

Section 76(b) of the MSA states that KPIs should inform the indicators set for every municipal entity and service provider with whom the municipality has entered into a service delivery agreement. A service provider:

- means a person or institution or any combination of persons and institutions which provide to or for the benefit of the local community
- External service provider means an external mechanism referred to in Section 76(b) which provides a municipal service for a municipality
- Service delivery agreement means an agreement between a municipality and an institution or person mentioned in Section 76(b) in terms of which a municipal service is provided by that institution or person, either for its own account or on behalf of the municipality

During the year under review the Municipality did not appoint any service providers who provided municipal services to or for the benefit of the local community on behalf of the Municipality and therefore this report contains no such details. All other contract appointments are regularly monitored to ensure that the requirements of the contract are complied with.



## 3.2.3 Municipal Functions

### a) Analysis of Functions

The municipal functional areas are as indicated below:

Municipal Function	Municipal Function Yes / No
<b>Constitution Schedule 4, Part B functions:</b>	
Air pollution	No
Building regulations	Yes (Strategic Services)
Child care facilities	No
Electricity and gas reticulation	No
Firefighting services	Yes (Community Services)
Local tourism	Yes (Strategic Services)
Municipal airports	Yes (Strategic Services)
Municipal planning	Yes (Strategic Services)
Municipal health services	Yes (Shared service Eden DM)
Municipal public transport	No
Municipal public works only in respect of the needs of municipalities in the discharge of their responsibilities to administer functions specifically assigned to them under this Constitution or any other law	Yes (Municipal Infrastructure Services Development)
Pontoons, ferries, jetties, piers and harbours, excluding the regulation of international and national shipping and matters related thereto	Yes (Community Services)
Stormwater management systems in built-up areas	Yes (Municipal Infrastructure Services Development)
Trading regulations	Yes (Strategic Services)
Water and sanitation services limited to potable water supply systems and domestic waste-water and sewage disposal systems	Yes (Municipal Infrastructure Services Development)
<b>Constitution Schedule 5, Part B functions:</b>	
Beaches and amusement facilities	Yes (Community Services)
Billboards and the display of advertisements in public places	Yes (Strategic Services)
Cemeteries, funeral parlours and crematoria	Yes (Community Services)
Cleansing	Yes (Community Services)
Control of public nuisances	Yes (Community Services)
Control of undertakings that sell liquor to the public	Yes (Community Services)
Facilities for the accommodation, care and burial of animals	Yes (Community Services)
Fencing and fences	Yes (Strategic Services)
Licensing of dogs	No
Licensing and control of undertakings that sell food to the public	Yes (Strategic Services)

Municipal Function	Municipal Function Yes / No
Local amenities	Yes (Community Services)
Local sport facilities	Yes (Community Services)
Markets	No
Municipal abattoirs	No
Municipal parks and recreation	Yes (Community Services)
Municipal roads	Yes (Municipal Infrastructure Services Development)
Noise pollution	No
Pounds	No
Public places	Yes (Strategic Services) (Community Services)
Refuse removal, refuse dumps and solid waste disposal	Yes (Community Services)
Street trading	Yes (Strategic Services)
Street lighting	Yes (Municipal Infrastructure Services Development)
Traffic and parking	Yes (Municipal Infrastructure Services Development)

Table 64: Functional Areas

## COMPONENT A: BASIC SERVICES RENDERED

### 3.3.1 Water Provision

#### a) Introduction to Water Provision

Water is a fundamental and indispensable natural resource – fundamental to life, the environment, food production, hygiene and power generation. Poverty reduction and improved water management are inextricably linked. Section 4B of the Constitution lists water and sanitation services limited to portable water supply systems and domestic waste water and sewerage disposal systems as a local government function. Basic water is defined as 200 litres of portable water per day supplied within 200 meters of a household.

The Municipality provides water and sanitation services at significantly higher levels than the basic Reconstruction and Development Programme (RDP) requirements. Almost all urban residents have access to uncontrolled water supply in houses or yards and full borne water sewerage. Maintenance of latrine pits is done by owners and not by the Municipality. The Municipality continuously strive to improve on the existing levels of service. The number of residential consumers of water is expected to increase in line with the growth in population. There are no significant wet industries in the Municipal area that receive water services from the Municipality.

The Municipality obtains water for human consumption from surface, groundwater, borehole sources and the desalination plant. Water quality tests results are available electronically and the required reporting to the Department of Water and

Sanitation (DWS) takes place on a monthly basis. In rural areas (farms) the Municipality does not supply water services. The communities use rainwater and groundwater sources.

Bulk water systems remain a high priority and all efforts are in place to meet the growth and to be ahead in planning for future infrastructure requirements.

In this respect, the surface water augmentation scheme is in place and components of this scheme are implemented as funding become available through Municipal Infrastructure Grant (MIG) and own sources. To this end 17km of new 500mm raw water supply main has been completed and in operation.

The planning for a future off channel dam at the Wadrift Site (where water from the Keurbooms River is stored) is still in progress. Exploration boreholes on the George Fault are currently being established along the raw water gravity mains at Uplands to explore the possibility of augmenting the water supply to the central water purification works (WTW) in Plettenberg Bay.

Sufficient water was required to supply an informal settlement of about 80 shacks located on Portion 22/422, Harkerville. The property is owned by the Municipality and two boreholes were drilled, each capable of meeting the water demand of the community. The total yield of this borehole is 532 kℓ/day. These boreholes have been equipped and are now in operation. A chlorine dosing room was also constructed for the disinfection of the borehole water.

The only raw water source for the Kurland WTW was the Wit River and abstraction from the Wit River alone proofed insufficient to satisfy the projected peak month demand of 929 kℓ/d in 2032 (as per the Water Services Development Plan 2014/15). The Municipality appointed Lyners Consulting Engineers to explore the possibility to drill a production borehole at the water purification site. Steyn's Drilling was appointed by Lyners Consulting Engineers and two boreholes were drilled with a total yield of 8ℓ/s. These boreholes have augmented the existing water supply of the WTW to ca. 1291 kℓ/day and will be sufficient to satisfy the projected peak month demand of 929 kℓ/day in 2032.

The only bulk water resource to Nature's Valley is the abstraction point and pump station in the Groot River. The capacity of the pump station and the WTW is sufficient for the future water demand. The rising main, reservoir and supply pipelines are more than 25 years old and have deteriorated in such a way that the water supply is not reliable and sustainable anymore. The existing deteriorated 0,6 Mℓ reservoir will be replaced with a new 1,5 Mℓ reservoir. The 150 mm AC rising main are currently being replaced with a 160mm HDPE rising main. The 75mm gravity main to the campsite will be replaced with a 110 mm UPVC pipeline and the 110 mm gravity pipeline from the reservoir to the township will be replaced with a 200mm UPVC pipeline.

## b) Highlights: Water Provision

The table below specifies the highlights for the year:

Highlights	Description
Harkerville Boreholes	Two boreholes were drilled with a total yield of 520 kℓ/day. These boreholes have been equipped and are now operational. A chlorine dosing room were also constructed for the disinfection of the borehole water

Highlights	Description
Kurland Boreholes	Two boreholes were drilled at the Water Treatment Works. The total yield of these boreholes is 691 kℓ/day. These boreholes have been equipped and are now operational. These boreholes have augmented the water supply to 12091 kℓ/day and will be sufficient to satisfy the projected peak month demand of 929 kℓ /day in 2032
Kwanokuthula Boreholes	A new borehole on the western flank of Kwanokuthula was drilled and equipped. The borehole has a yield of ca. 4ℓ/s
Plettenberg Boreholes	Two boreholes were drilled and equipped at the Plettenberg Bay Country Club (Golf Course). These boreholes have a total yield of 1642 kℓ/day. One borehole was also drilled and equipped at the Water Treatment Works. This borehole has a yield of 346 kℓ/day

Table 65: Water Provisions Highlights

## c) Challenges: Water Provision

The table below specifies the challenges for the year:

Description	Actions to address
Iron and manganese in borehole water	The borehole water contains excessive amounts of iron and manganese and therefore needs to be treated in order to comply with the SANS 241 standards
Isolation of boreholes	Most of the boreholes are situated at Kwanokuthula and a pipeline needs to be installed to convey the water to the Central Water Purification Plant

Table 66: Water Provision Challenges

## d) Water Provision Service Delivery Levels

Below is a table that specifies the total use of water by sector:

Total Use of Water by Sector (cubic meters)				
Year	Agriculture	Forestry	Industrial	Domestic
2016/17	No info	No info	23 651	3 124 220
2017/18	0	0	17 501	2 464 414

Table 67: Total Use of Water by Sector

The following table specifies the different water service delivery levels per households for the financial years 2016/17 and 2017/18:

Description	2016/17	2017/18
	Actual	Actual
Household		
<u>Water:</u> (above minimum level)		
Piped water inside dwelling	14 844	14 941

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Description	2016/17	2017/18
	Actual	Actual
<b>Household</b>		
Piped water inside yard (but not in dwelling)	0	0
Using public tap (within 200m from dwelling)	863	863
Other water supply (within 200m)	0	0
<b>Minimum Service Level and Above Sub-total</b>	<b>15 707</b>	<b>15 804</b>
<b>Minimum Service Level and Above Percentage</b>	<b>100</b>	<b>100</b>
<b>Water: (below minimum level)</b>		
Using public tap (more than 200m from dwelling)	0	0
Other water supply (more than 200m from dwelling)	0	0
No water supply	0	0
<b>Below Minimum Service Level Sub-total</b>	<b>0</b>	<b>0</b>
<b>Below Minimum Service Level Percentage</b>	<b>0</b>	<b>0</b>
<b>Total number of households (formal and informal)</b>	<b>15 807</b>	<b>15 904</b>
<i>Include informal settlements</i>		

Table 68: Water Provision Service Delivery Levels

<b>Access to Water</b>			
Financial year	Number of households with access to water points*	Number of households with access to piped water	Number of households receiving 6 Kl free#
2016/17	863	14 844	4 274
2017/18	863	14 941	4 381
Means access to 25 litres of potable water per day supplied within 200m of a household and with a minimum flow of 10 litres per minute; # 6 000 litres of potable water supplied per formal connection per month			

Table 69: Access to Water

## e) Employees: Water Provision

The following table indicates the staff composition for this division:

Job Level	2016/17	2017/18			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	7	15	4	11	73.33
4 - 6	8	24	18	6	25.00
7 - 9	7	20	5	16	76.19
10 - 12	3	4	2	2	50.00



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Job Level	2016/17	2017/18			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
13 - 15	0	1	1	0	0.00
16 - 18	0	1	1	0	0.00
19 - 20	0	0	0	0	0.00
<b>Total</b>	<b>25</b>	<b>65</b>	<b>31</b>	<b>35</b>	<b>53.03</b>

Table 70: Employees: Water Provision

## f) Capital: Water Provision

The following table indicates the capital expenditure for this division:

Capital Projects/	2017/18			
	Budget	Adjustment Budget	Actual Expenditure	Variance from Adjustment Budget
Poortjies: Upgrade reticulation	600 000.00	600 000.00	289 088.40	3 10 981.65
Green Valley phase 1	108 759.00	0	0	0
Plettenberg Bay central business district: Upgrade reticulation	700 000.00	700 000.00	646 916.33	53 083.67
Supply to Kwano and surrounds	676 536.00	676 537.00	702 918.21	-26 381.21
Poortjies: Upgrade water pipeline	650 000.00	650 000.00	565 977.47	84 022.53
Kranshoek: New water supply	1 500 000.00	1 500 000.00	1 344 024.63	155 975.37
Plettenberg Bay central business district: New bulk water	600 000.00	600 000.00	515 831.42	84 168.58
Green Valley: Upgrade bulk water	500 000.00	0	0	0
Unitary Development Plan (UDP): Kranshoek water supply	6 140 350.00	4 254 386.00	4 252 025.06	2 360.94
Kurland Water Treatment Works (WTW): water supply and boreholes	1 000 000.00	0	0	0
New Wadriest dam – CRR	2 000 000.00	2 000 000.00	1 883 431.11	116 568.89
Water Demand Management (WDM)	500 000.00	500 000.00	43 699.56	456 300.44
Kurland: New water supply	300 000.00	300 000.00	129 184.99	170 815.01
Water demand management (WDM): Telemetry at reserve and pump station	400 000.00	400 000.00	339 757.15	60 242.85
Natures Valley: New river pump	50 000.00	0	0	0
Natures Valley: New river pump	0	50 000.00	41 769.00	8 231.00
Harkerville: Bulk water supply	500 000.00	608 759.00	611 287.48	-2 528.48
Harkerville: Bulk water supply	0	0	0	0
Kwano: Upgrade tank pumps	300 000.00	300 000.00	325 133.37	-25 133.37

Capital Projects/	2017/18			
	Budget	Adjustment Budget	Actual Expenditure	Variance from Adjustment Budget
New Natures Valley reservoir	1 000 000.00	1 000 000.00	1 006 431.10	-6 431.1
Security for key sites- CRR	500 000.00	1 750 000.00	1 023 129.62	726 870.38
Tools and equipment	150 000.00	150 000.00	132 787.15	17 212.85
Kwano: Boreholes	0	1 578 947.00	1 568 268.23	10 678.77
Harkerville: Boreholes	0	2 100 000.00	1 327 304.01	772 695.99
Kurland: Boreholes	0	3 000 000.00	2 900 815.38	99 184.62
Kranshoek: Boreholes	0	0	0	0
Plettenberg Bay : Boreholes	0	4 478 947.00	5 284 452.29	-805 505.29
<b>Total</b>	<b>18 175 645.00</b>	<b>27 197 576.00</b>	<b>24 934 231.96</b>	<b>2 263 344.04</b>

Table 71: Capital Expenditure 2017/18: Water Provision

### 3.3.2 Waste Water (Sanitation) Reticulation

#### a) Introduction to Water and Waste Water (Sanitation) Reticulation

Bitou Municipality has been able to provide the deemed necessary services to its residents. These services have increased on a yearly basis due to population growth, housing projects and new developments. The Municipality's sanitation strategy is based on the vision of National Government, which is, "Improved health, dignity and quality of life for all South Africans, through improvements in sanitation and hygiene" and Bitou Municipality's vision of **"To Be the Best Together"** summarizes it all.

It is in the Municipality's interest to improve the livelihoods of all its communities to have basic sanitation facilities, which are highly hygienic and healthy. The focal areas for the Municipality in eradicating the sanitation backlogs includes application for funding in order to achieve sanitation backlog targets, use of local capacity in implementing projects and building of water borne toilet systems. The geographic conditions of each area that needs to be serviced, population density and its challenges to the water demand that is on the increase and the current situation due to climate change and drought repercussions has to be taken into consideration.

The hilly topography, combined with low-lying areas along the coast, presents numerous obstacles to the sewerage drainage system. Many pump stations are necessary, with an extensive bulk sewerage transfer system to convey sewerage to the Waste Water Treatment Works (WWTW).

The Municipality also struggles to source adequately trained and experienced technical staff to operate and maintain plant and machinery. Budgetary provision for recruitment of qualified staff and their ongoing training is provided for. The large low-income and indigent population stresses available capital and operation funding and the Municipality depends on grants from higher levels of government to supply services to this portion of the community.

## b) Highlights: Waste Water (Sanitation) Reticulation

The table below specifies the highlights for the year:

Highlights	Description
Kurland Wastewater Treatment Works	The small 15kW aerator at the Treatment Works was replaced with a 22kW aerator. The Works are now equipped with 2 x 22 kW aerators that can be operated simultaneously or on alternative mode depending on the oxygen requirements.
Ganse-Vlei Wastewater Treatment Works	A new 75kW aerator was installed. The Works are now equipped with 2 x 75kW aerators and 2 x 55kW aerators. This upgrade will enhance the aeration capacity especially during the summer and Easter holidays when there is a large influx of holiday makers

Table 72: Waste Water (Sanitation) Reticulation Highlights

## c) Challenges: Waste Water (Sanitation) Reticulation

The table below specifies the challenges for the year:

Description	Action to address
Fat Traps	Excessive amounts of oil and fats from restaurants enters the Waste Water Treatment System on a regular basis. These fats accumulate in the gravity and rising mains and therefore cause major blockages in the reticulation network that gives rise to manholes that are overflowing
	More effective implementation of the Building Regulations By laws with respect to fat traps at restaurants are required.

Table 73: Waste Water (Sanitation) Reticulation Challenges

## d) Waste Water (Sanitation) Reticulation Service delivery levels

Below is a table that specifies the different sanitation service delivery levels per households for the financial years 2016/17 and 2017/18:

Description	2016/17	2017/18
	Actual	Actual
<b>Household</b>		
<b>Sanitation/sewerage: (above minimum level)</b>		
Flush toilet (connected to sewerage)	15 125	15 222
Flush toilet (with septic tank)	390	390
Chemical toilet	35	32
Pit toilet (ventilated)	0	0
Other toilet provisions (above minimum service level)	2	0
<b>Minimum Service Level and Above Sub-total</b>	<b>15 552</b>	<b>15 644</b>
<b>Minimum Service Level and Above Percentage</b>	<b>100</b>	<b>100</b>
<b>Sanitation/sewerage: (below minimum level)</b>		

Description	2016/17	2017/18
	Actual	Actual
<b>Household</b>		
Bucket toilet	0	0
Other toilet provisions (below minimum service level)	0	0
No toilet provisions	0	0
<b>Below Minimum Service Level Sub-total</b>	<b>0</b>	<b>0</b>
<b>Below Minimum Service Level Percentage</b>	<b>0</b>	<b>0</b>
<b>Total number of households</b>	<b>15 620</b>	<b>15 744</b>

Table 74: Waste Water (Sanitation) Service Delivery Levels

## e) Employees: Waste Water (Sanitation) Reticulation

The following table indicates the staff composition for this division:

Job Level	2016/17	2017/18			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	7	2	1	1	50.00
4 - 6	8	25	13	12	48.00
7 - 9	7	8	8	0	0.00
10 - 12	3	2	2	0	0.00
13 - 15	0	1	1	0	0.00
16 - 18	0	0	0	0	0.00
19 - 20	0	0	0	0	0.00
<b>Total</b>	<b>25</b>	<b>38</b>	<b>25</b>	<b>13</b>	<b>34.21</b>

Table 75: Employees Waste Water (Sanitation) Reticulation

## f) Capital: Waste Water (Sanitation) Reticulation

The following table indicates the capital expenditure for this division:

Capital Projects	2017/18			
	Budget	Adjustment Budget	Actual Expenditure	Variance from Adjustment budget
Kurland: Upgrade Waste Water Treatment Works (WWTW)	500 000.00	500 000.00	260 000.00	240 000.00
Kranshoek: Upgrade outfalls sewer	1 000 000.00	1 000 000.00	1 003 643.92	-3 643.92
Kwano: Upgrade outfalls sewer	1 000 000.00	900 000.00	965 020.78	-65 020.78
Green Valley: Upgrade bulk sewer	1 000 000.00	0	0	0
Natures Valley: New sewerage system	700 000.00	0	0	0
Harkerville: New sewerage system	500 000.00	1 200 000.00	1 321 338.76	-121 338.76
Keurbooms: Upgrade Aventura pump	5 200 000.00	5 200 000.00	3 449 000.01	1750 999.99
Kwanokuthula: Upgrade sewer outlet	4 988 375.00	3 508 772.00	3 499 272.84	9 499.16
Green Valley phase	191 623.00	0	0	0
Plettenberg Bay: Upgrade outfalls sewer to WWTW (SMP)	366 000.00	366 000.00	366 000.00	0
Security for key sites	1 000 000.00	250 000.00	961 677.49	-711 677.49
Dunes: Refurbish ump station 12	500 000.00	500 000.00	305 138.27	194 861.73
Gansevallei WWTW: Upgrade area	700 000.00	700 000.00	467 640.00	232 360.00
Dunes: Upgrade pump station 8	500 000.00	523 663.00	523 662.79	0.21
Goosevalley: Refurbishment pump station 2	500 000.00	476 337.00	455 564.70	20 772.3
Kranshoek: Upgrade pump station 1	1 000 000.00	1 100 000.00	995 371.60	104 628.4
Tools and equipment-CRR	80 000.00	80 000.00	55 508.24	24 491.76
<b>Total</b>	<b>19 725 998.00</b>	<b>16 304 772.00</b>	<b>14 628 839.40</b>	<b>1 675 932.60</b>

Table 76: Capital Expenditure 2017/18: Waste Water (Sanitation) Provision

## 3.3.3 Electricity

### a) Introduction to Electricity

Local Government plays a very important role in the provision of electricity. Section 153 of the Constitution places the responsibility on municipalities to ensure the provision of services to communities in a sustainable manner for economic and social support.

The strategy and results achieved so far is to make electricity available to all households identified within a year after the requirement has been identified. The top three service delivery priorities are to complete the planning on time, including additional capacity into the municipal grid to ensure that funding is in place for all bulk infrastructure and electricity connections, and to perform in terms of the standards set during the construction stages.



Measures to improve performance are to work closer with the Human Settlement Departments, to integrate all functions within the relevant parties involved in the projects, and to have approved master plans in place for the roll-out of the projects. This means working closely with ESKOM, as well as ensuring implementation of their projects on time to provide additional capacity to the town.

The Master Plan includes the identification of projects, programme and cashflow over a minimum period of three years. Successes achieved are securing of funds with the Department of Energy (DOE) in terms of their Integrated National Electrification Programme and the first phase of upgrading the electrical infrastructure to Kwanokuthula under difficult circumstances. The DOE has however supported the municipality in funding some of the projects. Keeping good relations with DOE and ensuring all grant funds are spent, will result in more financial support from DOE.

Electrification priorities are determined in line with the Municipality's IDP and Human Settlements/Housing Programmes. With the exception of Kranshoek and Kurland, where ESKOM is responsible for electrification, the Municipality is responsible for all other townships within the municipal area.

## b) Highlights: Electricity

The table below specifies the highlights for the year:

Highlights	Description
High mast lighting	The successful installation of high mast lights in Qolweni, Kwanokuthula and Kurland
Conversion of supply voltage from 22kV to 11kV	During peak season the electrical network takes strain and the conversion will subsequently ensure for a better voltage supply

Table 77: Electricity Highlights

## c) Challenges: Electricity

The table below specifies the challenges for the year:

Description	Actions to address
High rate of tampering	Replace existing pre-paid meters
Additional cherry picker for street lighting and maintenance and repairs work on overhead line networks	Build/expand on the MV cable network in affected areas

Table 78: Electricity Challenges

## d) Electricity Service Delivery Levels

The table below indicates the electricity notified maximum demand:

Major towns	Notified Maximum Demand (NMD)	Maximum Demand Growth (NMD)	Maximum Demand Peak (NMD)
Plettenberg Bay	16 000KVA	0.5%	12 800KVA
Wittedrift	400KVA	0.5%	370KVA
Keurboomstrand	1 700KVA	2.5%	12200KVA

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Major towns	Notified Maximum Demand (NMD)	Maximum Demand Growth (NMD)	Maximum Demand Peak (NMD)
Natures Valley	1 000KVA	0.5%	801KVA
Kwanokuthula	4 000KVA	3.5%	4 196KVA
Brakloof	9 500KVA	New	7 100KVA

Table 79: Electricity Notified Maximum Demand

The table below indicates the different service delivery level standards for electricity within the Municipality:

Description	2016/17	2017/18
	Actual	Actual
<b>Household</b>		
<b>Energy: (above minimum level)</b>		
Minimum Service Level and Above Sub-total	15 800	17 678
Minimum Service Level and Above Percentage	100	100
<b>Energy: (below minimum level)</b>		
Electricity (< minimum service level)	0	0
Electricity - prepaid (< min. service level)	0	0
Other energy sources	0	0
Below Minimum Service Level Sub-total	0	0
Below Minimum Service Level Percentage	0	0
<b>Total number of households</b>	<b>15 900</b>	<b>17 778</b>

Table 80: Electricity Service Delivery Levels

## e) Employees Electricity

The table below specifies the service delivery levels for the year:

Job Level	2016/17	2017/18			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	1	4	1	3	75.00
4 - 6	13	14	12	2	14.28
7 - 9	2	3	3	0	0.00
10 - 12	11	11	11	0	0.00
13 - 15	3	3	2	1	33.33
16 - 18	2	2	2	0	0.00
19 - 20	0	0	0	0	0.00
<b>Total</b>	<b>32</b>	<b>37</b>	<b>31</b>	<b>6</b>	<b>16.21</b>

Table 81: Employees: Electricity

## f) Capital: Electricity

The following table indicates the capital expenditure for this division:

Capital Projects	2017/18			
	Budget	Adjustment Budget	Actual Expenditure	Variance from adjustment budget
Replace and new ring main units (RMU's) all areas	800 000.00	800 000.00	756 750.46	43 249.54
Qolweni Valley (x2)	400 000.00	400 000.00	223 115.64	176 884.36
Tools and equipment-CRR	150 000.00	150 000.00	25 497.97	124 502.03
New switchgear at substation 7 and cable	3 500 000.00	3 500 000.00	3 526 709.59	-26 709.59
Kwano: upgrade bulk electrification	7 501 930.00	7 501 930.00	7 070 303.43	431 626.57
Poortjies: Upgrade substation 4	2 800 000.00	2 800 000.00	2 832 866.14	-32 866.14
New Horizons: Upgrade of main supply	2 500 000.00	4 000 000.00	3 808 069.60	191 930.40
Goosvalley: Upgrade of main supply	500 000.00	500 000.00	651 052.76	-151 052.76
Brakkloof: New supply to Brack	900 000.00	900 000.00	892 804.33	7 195.67
Kwano: Electrification of phase	1 270 000.00	1 270 000.00	1 641 330.43	-371 330.43
Cuba and Angola Valley: SAPS a high mast light	400 000.00	1 400 000.00	1 172 972.51	227 027.49
Green Valley (x2)	400 000.00	0	0	0
Plettenberg Bay: Upgrade mini substation	800 000.00	800 000.00	688 845.58	111 154.42
Plettenberg Bay: New generators- CRR	2 000 000.00	2 000 000.00	1 999 391.95	608.05
Security for key sites -CRR	790 630.00	790 630.00	680 223.73	110 406.27
High voltage and megavoltage test and safety equipment	800 000.00	300 000.00	35 551.91	264 448.09
Kurland high mast light	0	400 000.00	205 622.91	194 377.09
<b>Total</b>	<b>25 512 560.00</b>	<b>27 512 560.00</b>	<b>26 211 108.94</b>	<b>1 301 451.06</b>

Table 82: Capital Expenditure 2017/18: Electricity Services

## 3.3.4 Waste Management (Refuse Collections, Waste Disposal, Street Cleaning and Recycling)

### a) Introduction to Waste Management

The collection of household refuse or the lack thereof is one of the most powerful visual benchmarks on which the Municipality's service can be assessed. Bitou Municipality uses a split bag system for separation at source. Households put a black bag at curb side on the day of domestic refuse collection and a yellow bag of recyclable material the day after normal collections.

The standard service level for formal residences is a once a week curb side waste collection service. Most residential properties have been provided with 240 litre/140 litre wheelie bins which is a measure of containerizing of waste and a prevention of blown-litter.

Street sweeping is an important cleaning service to ensure public road safety. It also prevents the town's stormwater system from becoming blocked or clogged with waste. Sweeping is done with the use of manual labour which is usually combined with litter picking.

Areas such as New Horizons, Kwanokuthula, Green Valley, Wittedrift, Kranshoek and Kurland Village are being serviced by community-based contractors.

The Municipality has only one landfill site, namely the Plettenberg Bay Landfill Site.

The status of the Plettenberg Bay Landfill Site is summarised below:

Plettenberg Bay Landfill Site Status	
Position of site	The site is located south of the urban centre of Plettenberg Bay
Permit	16/2/7/K600/D3/Z1/P375
Year issued	2000
Classification of site: GSB+	GSB+
Type of operation (end – tip, trench, cell)	Cell
Estimated size of site	Approximately 12.5 ha
Estimated remaining life of site	Exceeded its life span- preliminary closure design have been done. Needs to be send to Environmental Affairs for approval Draft tender document done + monitoring borehole installed
Separation of fresh and contaminated water	Yes
Groundwater monitoring	Yes
Volumes per day, week or month	Site only accept green waste
Is cover material available?	Yes – making use of incoming top soil from building excavations
Is the drainage sufficient?	New cut-off drainage has been constructed +/- 250m as part of the rehabilitation of the site
Is there access control?	Yes – Security guards employed during the day and night + gate control officers
Is the site fenced?	Yes
Does the site have a sufficient buffer zone?	Yes – Nearest housing development Whale Rock Heights
Type of equipment utilised on site	Dozer (Rental)
Operating hours	Monday to Friday - 07h30 to 16h30 Saturday - 07h30 to 13h00
Site facilities, i.e. ablutions, guard house	Ablution and guard house facilities
Estimated cost for closure	+/- R15 000 000

Table 83: Plettenberg Bay Landfill Site Status

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Due to the closure of the municipal waste site for the disposal of domestic waste, the domestic waste stream generated within the municipal area is now being transported by road to PetroSA Landfill Site in Mossel Bay. PetroSA does not permit the disposal of certain waste streams, i.e. green waste and builders' rubble.

## b) Highlights: Waste Management

The table below specifies the highlights for the year:

Highlights	Description
New Transfer Station	Newly Build Transfer Station is fully operational
Recycling (Waste Minimization Plan)	Consultant drafted a Waste Minimization Plan for Bitou Municipality
Closure permit for Robberg Landfill Site	Consultants were appointed to finalise the closure design plans and the rehabilitation process will commence shortly

Table 84: Waste Management Highlights

## c) Challenges: Waste Management

The table below specifies the challenges for the year:

Description	Actions to address
Illegal Dumping	Appointed small contractors to clear the illegal dumping in all areas of Bitou Municipality
Bulky Waste	In the process of SCM to appoint a service provider for providing a facility for the constructing and demolishing of bulky waste in Bitou Municipal area of jurisdiction
Building Rubble Green Waste	In the Process of construction of a drop-off facility for building rubble and green waste

Table 85: Waste Management Challenges

## d) Waste Management Services Delivery Levels

The table below indicates the different refuse removal service delivery level standards within the municipality:

Description	2016/17	2017/18
	Actual	Actual
<b>Household</b>		
<b>Refuse Removal: (Minimum level)</b>		
Removed at least once a week	18 037	20 200
Minimum Service Level and Above sub-total	18 037	20 200
Minimum Service Level and Above percentage	100	95
<b>Refuse Removal: (Below minimum level)</b>		
Removed less frequently than once a week	0	0
Using communal refuse dump	0	0
Using own refuse dump	0	0



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Description	2016/17	2017/18
	Actual	Actual
<b>Household</b>		
Other rubbish disposal	0	0
No rubbish disposal	0	0
<b>Below Minimum Service Level sub-total</b>	<b>0</b>	<b>0</b>
<b>Below Minimum Service Level percentage</b>	<b>0</b>	<b>0</b>
<b>Total number of households</b>	<b>18 137</b>	<b>20 300</b>

Table 86: Waste Management Service Delivery Levels

## e) Employees: Waste Management Services

The following table indicates the staff composition for this division:

Job Level	2016/17	2017/18			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	44	56	43	13	23.21
4 - 6	3	4	4	0	0.00
7 - 9	8	12	7	5	41.66
10 - 12	2	2	2	0	0.00
13 - 15	1	2	1	0	0.00
16 - 18	1	0	0	0	0.00
19 - 20	0	0	0	0	0.00
<b>Total</b>	<b>59</b>	<b>76</b>	<b>57</b>	<b>18</b>	<b>24.00</b>

Table 87: Employees: Waste Management Services

## f) Capital: Waste Management Services

The following table indicates the capital expenditure for this division:

Capital Projects	2017/18			
	Budget	Adjustment Budget	Actual Expenditure	Variance from Adjustment budget
Waste drop-off facility extention	1 000 000.00	1 000 000.00	209 497.45	790 502.55
<b>Total</b>	<b>1 000 000.00</b>	<b>1 000 000.00</b>	<b>209 497.45</b>	<b>790 502.55</b>

Table 88: Capital Expenditure 2017/18: Waste Management Services

## 3.3.5 Housing

### a) Introduction to Housing

The multi-year development plan illustrates the projected housing projects for at least the next 10 years. The current housing provincial approved beneficiary waiting list is 8 200. The current approved registered waiting list together with unregistered households and backyard dwellers are +- 9 500. The current housing waiting list is 8 200. The table below indicates the priority housing sites:

Site	Units
<b>Subsidy: Priority 1</b>	
Qolweni phase 3A	169 top structures
<b>Subsidy Priority 2</b>	
Qolweni phase 4A	382 civil services
<b>Subsidy Priority 3</b>	
Kwanokuthula phase 4	441 top structures
Kurland	74 civil services

Table 89: Prioritised Housing Sites

### b) Highlights: Housing

The table below specify the highlight for the year:

Highlights	Description
Donation of erf 562 Kurland from the Department of Rural Development and Land Reform. (85Ha)	85Ha in extend
Purchase of Ebenezer properties. (Portions 3; 42 and 44 of the farm Hillview no 437)	69Ha in extend
Purchase erf 9 834 (Minnaar land)	1 163Ha in extend

Table 90: Housing Highlights

### c) Challenges: Housing

The table below specifies the challenges for the year:

Description	Actions to address
Acquisition of the Ebenezer land for housing project	In process of finalising the purchase through funding from Province
Acquisition of land in Kurland, for housing development	Land donated to Bitou Municipality from the department of Rural Development and Land reform

Table 91: Housing Challenges

## d) Housing Service Delivery Levels and Statistics

The table below indicates the different housing service delivery levels and statistic standards within the urban edge area of the municipality:

Number of households with access to basic housing			
Year end	Total households (including in formal and informal settlements)	Households in formal settlements	Percentage of HHs in formal settlements (%)
2016/17	25 954	21 000	80.91
2017/18	26 888	21 085	78.42

Table 92: Households with Access to Basic Housing

The following table shows the increase in the number of people on the housing waiting list. There are currently approximately 8 200 housing beneficiaries registered on the provincial housing waiting list compared to the 6 936 in 2016/17.

Financial year	Number of housing units on waiting list	% Housing waiting list increase/(decrease)
2016/17	6 936 registered	4.30
2017/18	8 200	15.40

Table 93: Housing Waiting List

A summary of houses built, includes:

Financial year	Allocation	Amount spent	% spent	Number of houses built	Number of sites serviced
	R'000	R'000			
2016/17	43 893	67 429	153.62	82	441
2017/18	40 374	40 427	100.13	0	441

Table 94: Houses Built

## e) Employees: Housing

The following table indicates the staff composition for this division:

Employees: Housing					
Job Level	2016/17	2017/18			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	2	0	0	0.00
4 - 6	1	1	1	0	0.00
7 - 9	8	8	8	0	0.00
10 - 12	2	2	2	0	0.00
13 - 15	1	1	1	0	0.00
16 - 18	0	0	0	0	0.00

Employees: Housing					
Job Level	2016/17	2017/18			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
19 - 20	0	0	0	0	0.00
Total	12	14	12	0	0.00

Table 95: Employees: Housing

## f) Capital Expenditure – Housing

No Capital Budget allocated for the 2017/18 financial year.

## 3.3.6 Free Basic Services and Indigent Support

### a) Introduction

A debtor is considered indigent if the gross household income is equal to or less than R3 500 per month. All indigent households are receiving 6 Kℓ water and 50KwH electricity free each month. Furthermore, an indigent debtor also receives a subsidy on refuse removal and sewerage, depending on the household income.

All indigents have to renew their applications semi-annually in order to qualify for the benefits.

### b) Service Delivery Levels

The table below indicates the percentage of indigent households that have access to free basic municipal services. The table, furthermore, indicates the total number of indigent households and other households that received free basic services in the past two financial years:

Financial year	Number of households								
	Total no of HH	Free Basic Electricity		Free Basic Water		Free Basic Sanitation		Free Basic Refuse Removal	
		No. Access	%	No. Access	%	No. Access	%	No. Access	%
2016/17	18 939	7 480	39.50	7 103	37.50	6 777	35.78	6 773	35.76
2017/18	19 057	7 528	39.50	7 072	37.11	7 286	38.25	7 282	38.21

Table 96: Free Basic Services to Indigent Households

Electricity									
Financial year	Indigent Households			Non-indigent households			Households in Eskom areas		
	No. of HH	Unit per HH (kwh)	Value	No. of HH	Unit per HH (kwh)	Value	No. of HH	Unit per HH (kwh)	Value
			R'000			R'000			R'000
2016/17	4 274	50	2 137	3 206	50	1 245	2 536	50	1 268
2017/18	4 381	50	2 086	3 147	50	1 498	2 640	50	1 257

Table 97: Free Basic Electricity Services to Indigent Households

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Water						
Financial year	Indigent Households			Non-indigent households		
	No. of HH	Unit per HH (kl)	Value	No. of HH	Unit per HH (kl)	Value
			R'ooo			R'ooo
2016/17	4 274	6	2 564	2 829	6	1 521
2017/18	4 381	6	3 523	2 691	6	2 164

Table 98: Free Basic Water Services to Indigent Households

Sanitation						
Financial year	Indigent Households			Non-indigent households		
	No. of HH	R value per HH	Value	No. of HH	Unit per HH per month	Value
			R'ooo			R'ooo
2016/17	4 274	293.86	1 258	2 503	1	7 355
2017/18	4 381	333.06	1 459	2 905	1	11 610

Table 99: Free Basic Sanitation Services to Indigent Households

Refuse Removal						
Financial year	Indigent Households			Non-indigent households		
	No. of HH	Service per HH per week	Value	No. of HH	Unit per HH per month	Value
			R'ooo			R'ooo
2016/17	4 274	1	5 410	2 499	1	4 295
2017/18	4 381	1	11 285	2 901	1	7 483

Table 100: Free Basic Refuse Removal Services to Indigent Households Per Type of Service

Financial Performance 2017/18: Cost to Municipality of Free Basic Services Delivered					
Services Delivered	2016/17	2017/18			
	Actual	Budget	Adjustment Budget	Actual	Variance to Adjustment Budget
	R'ooo			R	
Water	5 845	6 256	6 256	10 434	-4 178
Waste Water (Sanitation)	25 334	12 235	28 235	26 932	1 402
Electricity	3 686	2 291	3 483	1 947	1 536
Waste Management (Solid Waste)	14 264	15 416	15 416	14 385	1 030

Table 101: Financial Performance 2017/18: Cost to Municipality of Free Basic Services Delivered



## COMPONENT B: ROAD TRANSPORT PROVISIONS

### 3.4.1 Roads

#### a) Introduction: Roads

The objective of maintenance of a municipal road network is the provision of a safe, comfortable to use roads and where maintenance is performed, before defects become hazardous. This is the “apparent” service delivery that the road user (driver or passenger) can physically see and, perhaps more importantly (from their perspective), feel.

This is economic service delivery. A further important factor to consider is that of excess vehicle operating cost (EVOC). A poorly maintained road (i.e. potholed and/or excessively patched) is in the region of 75% more expensive to drive on than a well-maintained road. The failure to undertake timeous and correct road maintenance imposes an effective financial “double whammy” on the road user. For effective road maintenance, a management plan renders effective and efficient “pro-active” preventative maintenance possible.

The roads are evaluated and managed with the pavement management systems which presents a network level proposal for maintaining the roads in the area through an assessment of the network based on methodical visual ratings of each pavement section. It is essentially a network level tool. The completion of the network conditions was assessed 1999, 2004, 2008, 2011, 2015 and 2018 with the Rural Road Assets Management System.

Visual assessment forms the basis of evaluation of the condition (surface, structural and functional) of the road network and the need for specific actions.

Different road sections require different types of maintenance varying from routine and normal to heavy rehabilitation. Possible project types range from routine maintenance (e.g. patching), to normal maintenance (resurfacing) through to heavy rehabilitation (e.g. thick overlays and reconstruction).

With the limited funds available it is important that these funds be spent at the right place at the right time to ensure optimum use of funds. The use of a Pavement Management Systems is accepted as essential for determining the maintenance and upgrading needs/programs for pavements in a network of roads.

The repair and maintenance of road crossings and pipe burst have a major effect on the maintenance program and are estimated at more than R2 million per year.

The rating system includes more than 15 distress types within the following subgroups:

- Visual/Surface (VCI) – the condition of the surfacing relates to its quality as a suitable riding surface for traffic and as an impermeable layer, preventing ingress of water into the pavement structure. “In general, the overall VCI for Bitou LM is at 59.8 (fair) and the general pavement surface condition is mostly dry and brittle.”
- Structural – the condition of the structure relates to its ability to withstand traffic loads

- Functional (FCI) – the functional condition is a measure of the level of service currently provided by the pavement, as perceived by the road user. “In general, the overall FCI for BLM is at 71.6 (good) with the riding quality, skid resistance and unkerbed/unpaved shoulders being the most dominant defects.”

The total length of the paved network is 155.8km (142.7km tar, 13.1km block paving and 0.6km concrete pavements) with an estimated replacement value of R764 023 million. The average condition of the network can be rated as fair, with 5% of the surfacing and 12% of the structure in the poor to very poor category.

## Rehabilitation Priorities

**An amount of R38,2 million** has been estimated to rehabilitate 22.99km of the road network covering an approximate area of 126 950.33sqm within Bitou LM. **An amount of R 7 637 million for Rehabilitation** for the next five years is required, plus consultant's fee 17% for rehabilitation to be spent annually on the road network to erase the existing backlog with the key objective of rehabilitation to restore the road to an acceptable structural capacity and level of service.

Where rehabilitation remedial measure has been recommended and selected out of any one of the three, in Light Rehabilitation, Medium Rehabilitation and Heavy Rehabilitation depending upon prevailing conditions affecting the road segment in question.

## Resurfacing/Reseal Priorities

**An amount of R55 million** has been estimated to resurface 42.2km of the road network covering an approximate area of 239 754.56sqm within Bitou LM. **An amount of R11 460 million for resurfacing** for the next five years is required to restore the condition of the network to an excellent level of service.

The following are detrimental to roads networks and results in additional maintenance:

- road crossings poorly reinstated;
- over irrigation of sidewalks which run-off on the road surface;
- discharging of storm water;
- pool backwash;
- underground water seepage; and
- alterations to the sidewalks, which hamper storm water discharge.

## Gravel Roads

The Gravel Road Management System (GRMS) report presents a network level proposal for maintaining the roads. Visual assessments form the basis of the evaluation of the condition of the road network and the need for specific actions. Different road sections may require different types of maintenance varying from normal and special, to scheduled maintenance. Project types can include - blading, reshaping, reworking, re-graveling or even upgrading of the road to a higher standard.

## Visual Gravel Index

A condition index has several useful applications, including the following:

- As a relatively simple way to communicate the health of the system or individual roads to management, planners and politicians;
- As a parameter to compare the general condition of different road networks;
- To indicate the rate of deterioration of individual pavement segments;
- As a factor in a priority rating method; and
- As a fast technique for estimating average costs to maintain or rehabilitate a candidate project.

The rating system includes more than 15 distress types within the following subgroups:

- Surface/structural – the condition of the surfacing relates to its quality as a suitable riding surface for traffic and as an impermeable layer, preventing ingress of water into the pavement structure and further looks into its ability to withstand traffic loads.
- Gravel properties – the properties of the gravel material provide insight as to the durability and mechanistic behaviour of the wearing course.
- Functional – the functional condition is a measure of the level of service currently provided by the pavement, as perceived by the road user.

In general, the overall VGI for Bitou is at 19.0 (very poor) and the general road surface condition largely affected by dustiness and fixed stoniness.

The total unpaved network is 40.958 of which 36.958km are gravel roads and the rest can be defined as dirt roads 4.0km. The average condition of the unpaved network can be rated as good to fair with only 16% of the roads in the poor to very poor category. The total replacement value of the entire Bitou gravel road network is of the in the region of R26.8 million.

An amount of R4.241 million has been estimated for regular blading and shaping by a motor grader, as well as periodic re-gravelling to replace lost material in order to keep them in good condition.

## Upgrading network

The upgrade needs are viewed from a functional point of view, but consideration is also given for the upgrade of the dirt roads to gravel standard. An amount of R7.2 million has been estimated for the upgrade of gravel roads.

### a) Highlights: Roads

The table below specifies the highlights for the year:

Highlights	Description
Kranshoek	Complete the ring road for main transport
Industrial road	Rehabilitation Theron Street
Green Valley road	Rehabilitation of Hill street

Table 102: Roads Highlights

### b) Challenges: Roads

The table below specify the challenge for the year:

Description	Actions to address
Insufficient funds for industrial roads	Urgent rehabilitation of Hutchinson, Farris and Theron Streets in industrial area

Table 103: Roads Challenges

## c) Roads Service Delivery Levels and Statistics

The table below reflects the different service delivery level standards for roads within the municipal area:

Gravel Road Infrastructure: Kilometres				
Year	Total gravel roads	New gravel roads constructed	Gravel roads upgraded to tar	Gravel roads graded/maintained
2016/17	16.80	0.00	2.80	16.80
2017/18	40.20	0.00	0.90	40.20

Table 104: Gravel Road Infrastructure

Tarred Road Infrastructure: Kilometres					
Year	Total tarred roads	New tar roads	Existing tar roads re-tarred	Existing tar roads re-sheeted	Tar roads maintained
2016/17	155.80	3.45	6.30	0.55	155.80
2017/18	155.80	1.67	5.50	0.00	155.80

Table 105: Tarred Road Infrastructure

The table below shows the costs involved for the maintenance and construction of roads within the Municipality:

Financial year	Gravel			Tar		
	New	Gravel – Tar	Maintained	New	Re-worked	Maintained
	R'000	R'000	R'000	R'000	R'000	R'000
2016/17	0	11 570	543	9 374	1 676	7 788
2017/18	0	6 832	2 191	6 832	1 500	7 240

Table 106: Cost of Construction/Maintenance of Roads

## e) Employees: Roads and Stormwater

The following table indicates the staff composition for this division:

Job Level	2016/17	2017/18			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	9	13	9	4	30.76
4 - 6	6	12	7	5	41.66
7 - 9	3	3	2	1	33.33
10 - 12	1	2	1	1	50.00
13 - 15	1	1	1	0	0.00
16 - 18	1	1	1	0	0.00
19 - 20	0	0	0	0	0.00
<b>Total</b>	<b>21</b>	<b>32</b>	<b>21</b>	<b>11</b>	<b>34.37</b>

Table 107: Employees: Roads

## f) Capital: Roads and Stormwater

The following table indicates the capital expenditure for this division:

Capital Projects	2017/18			
	Budget	Adjustment Budget	Actual Expenditure	Variance from adjustment budget
Poortjies: embarkment protection	250 000.00	250 000.00	182 947.98	67 052.02
Green Valley: Walkway	700 000.00	700 000.00	516 186.69	183 813.31
Kwano: Walkways	500 000.00	500 000.00	495 193.34	4 806.66
Tools and equipment	100 000.00	83 000.00	80 975.13	2 024.87
Furniture and equipment	30 000.00	47 000.00	46 874.02	125.98
Industrial: rehabilitation of paved road	500 000.00	500 000.00	500 000.00	0
Kranshoek: Upgrade of gravel road	1 000 000.00	1 400 000.00	1 396 396.42	3 603.58
Kranshoek: Upgrading of gravel road	6 140 350.00	6 888 606.00	6 856 839.14	31 766.86
New Horizons: New walkways	500 000.00	500 000.00	465 720.44	34 279.56
Kurland: New walkways	500 000.00	500 000.00	478 724.25	21 275.75
Green Valley: Rehabilitation	1 000 000.00	1 000 000.00	947 512.71	52 487.29
Kwano: Upgrade stormwater phase 1	1 000 000.00	1 000 000.00	0	1 000 000.00
Green Valley stormwater upgrade (GRANT)	343 996.00	0	0	0
Poortjies: Upgrade Beacon Way	6 150 000.00	6 150 000.00	6 150 315.52	-315.52
Pinetrees: Walkways	500 000.00	500 000.00	309 988.58	190 011.42



Capital Projects	2017/18			
	Budget	Adjustment Budget	Actual Expenditure	Variance from adjustment budget
Green Valley	533 666.00	0	0	0
Kwano services phase 4	0	1 069 285.00	950 264.85	119 020.15
<b>Total</b>	<b>19 748 012.00</b>	<b>21 087 891.00</b>	<b>19 377 939.07</b>	<b>1 709 951.93</b>

Table 108: Capital Expenditure 2017/18: Roads and Stormwater

## g) Capital: Fleet Management

The following table indicates the capital expenditure for this division:

Capital Projects	2017/18			
	Budget	Adjustment Budget	Actual Expenditure	Variance from adjustment budget
Replacement of fleet vehicle	4 530 000.00	4 423 470.00	4 408 938.11	14 531.89
New fire and rescue all in one vehicle	1 271 930.00	0	0	0
Upgrade of depot	500 000.00	0	0	0
New fire and rescue all in one vehicle	0	1 271 930.00	1 271 929.82	0.18
Tools and equipment	0	106 531.00	0.00	106 531.00
Upgrade of municipal buildings -depot	0	500 000.00	500 000.00	0
<b>Total</b>	<b>6 301 930.00</b>	<b>6 301 931.00</b>	<b>6 180 867.93</b>	<b>121 063.07</b>

Table 109: Capital Expenditure 2017/18: Fleet Management

## 3.4.2 Waste Water (Stormwater Drainage)

### a) Introduction to Waste Water (Stormwater Drainage)

The major stormwater system of Bitou Municipality's service area consists of all-natural waterways, including springs, streams, rivers, wetlands and dams. It includes detention and retention dams and other devices constructed to control stormwater. Roadways and their associated drainage structures are part of the major storm water system if they result in a significant deflection of stormwater from its natural overland flow path.

The minor storm water system consists of any measures provided to accommodate stormwater run-off within sites and road reserves and convey the run-off to the major stormwater system. These measures include gutters, conduits, beams, channels, road verges, small watercourses and infiltration constructions.

Stormwater run-off should not be concentrated to an extent that would result in any damage to the environment during storms with a probability frequency of more than 1 in 10 years and would result in only minor, repairable damage in storms with a probability frequency more than 1 in 50 years. All elements of the built and natural environment must be able to withstand a 1 in 100-year storm event without significant consequential loss and risk to property and life. Note that a "storm frequency" equates to a "probability of occurrence" of a storm event that should be used to assess the annual budget or insurance provision for remedial works, should the event occur.

In all catchments, the watercourses and built stormwater infrastructure must be maintained in a clean state, free of any rubbish, debris and matter likely to pose any pollution threat to the lower reaches of the watercourses.

The built info collection of all the areas in Bitou Municipality is in progress. This will determine the requirements of needed stormwater upgrade caused by funding constraints. The strategy was to develop a Stormwater Master Plan that is in progress to be completed (Kurland, Natures Valley, Keurboomstrand, Plettenberg Bay). The funding in the current financial year 2017/18 was used due to cut in the funding for other years. Investigation and planning of the Kwanokuthula stormwater system was done.

Master drainage planning should be contemplated on a catchment-wide basis, irrespective of urban and other man-made boundaries. The full environmental impact of the stormwater on that catchment must be investigated and is the responsibility of the controlling regional or local authority. The hydrological processes in the specific area need to be investigated and statistical data obtained. Hydraulic routing of the stormwater must be considered. In analysing storm water drainage, consideration may be given to the use of open spaces like parks, sports fields and transport circulation routes. It is assumed that, with development, there is an increase in both the overall quantity and the peak flow rate of the run-off.

The stormwater management philosophy encourages the following:

- Maintain adequate ground cover at all places and at all times to negate the erosive forces of wind, water and all forms of traffic
- Prevent concentration of stormwater flow at any point where the ground is susceptible to erosion
- Reduce stormwater flows as much as possible with the effective use of attenuating devices
- Ensure that development does not increase the rate of stormwater flow above that which the natural ground can safely accommodate at any point in the sub-catchments
- Ensure that all stormwater control works are constructed in a safe and aesthetic manner in keeping with the overall development theme for the area
- Prevent pollution of waterways and water features by suspended solids and dissolved solids in stormwater discharges
- Contain soil erosion, whether induced by wind or water forces, by constructing protective works to trap sediment at appropriate locations. This applies particularly during construction
- Avoid situations where natural or artificial slopes may become saturated and unstable, both during and after the construction process

The Municipality has identified the following action to address stormwater challenge within the municipal service area:

Outcome / Response Required	Municipal Action
As per master planning completed for the various areas	Insufficient funding

Table 110: Implementation of stormwater Master Plan

The estimated cost to address the stormwater demands are addressed in the Stormwater Master Plan for the various areas:

Area	Cost
Kwanokuthula	R 38 531 563.00

Green Valley and Wittedrift Stormwater	R 22 198 081.58
Kranshoek	R 20 184 425.45
New Horizons	R 20 906 002.00
Poortjies	R 3 360 000.00

Table 111: Stormwater Master Plan Cost

The main purpose of the stormwater management function in the Bitou Municipality is to mitigate the damage to and increase the lifespan of the road infrastructure.

Much of the work carried out by the department relates to the following activities:

- 🔧 Unblocking of stormwater drainage system
- 🔧 Replacement of missing manhole covers
- 🔧 Maintaining the entire infrastructure (stormwater)
- 🔧 Cleaning and rehabilitation of the stormwater system and culverts
- 🔧 Replacing broken pipes, catch pit inlets, manhole slabs and covers
- 🔧 Installing new stormwater systems, construction of open channels and sub-soil drains

## b) Highlights: Waste Water (Stormwater Drainage)

The table below specifies the highlights for the year:

Highlights	Description
Plettenberg Bay- High street, Mintos Ledge	Stormwater line unblocked from roots
New Horizons - Saringa Road	Relay of existing stormwater system

Table 112: Waste Water (Stormwater Drainage) Highlights

## c) Challenges: Waste Water (Stormwater Drainage)

The table below specify the challenge for the year:

Description	Actions to address
Various roads to be upgraded with install kerbs and channels in all areas	Apply for funding

Table 113: Waste Water (Stormwater Drainage) Challenges

## d) Waste Water (Stormwater Drainage) Service Delivery Levels

The table below shows the total kilometres of stormwater maintained and upgraded, as well as the kilometres of new stormwater pipes installed:

Stormwater Infrastructure				
Year	Total Stormwater measures	New stormwater measures	Stormwater measures upgraded	Stormwater measures maintained
2016/17	79.95	0.65	0.16	79.95
2017/18	81.49	1.45	0.00	79.95

Table 114: Stormwater Infrastructure

The table below indicates the amount of money spend on stormwater projects:

Financial year	Cost of Construction/Maintenance of Stormwater Systems		
	New R'000	Upgraded R'000	Maintained R'000
2016/17	2 774	150	450
2017/18	3 976	0	750

Table 115: Cost of Construction/Maintenance of Stormwater Systems

## COMPONENT C: PLANNING AND LOCAL ECONOMIC DEVELOPMENT

### 3.5.1 Planning

#### a) Introduction to Planning

The Spatial Planning Land Use Management Act (SPLUMA), 16 of 2013) has been fully implemented and all challenges of new legislation have been overcome. The implementation of the Western Cape: Land Use Planning Act (LUPA), 3 of 2014, as well as the Bitou Municipal Land Use Planning By-law and the decision making by a Planning Tribunal in terms thereof, have been successfully introduced.

Initially Bitou Municipality formed part of the Eden Joint Municipal Planning Tribunal, but resolved to rather withdraw and form its own Planning Tribunal comprising of individuals from the private sector, as well as certain Municipal Officials in accordance to the prescripts of SPLUMA and the Municipal By-law. Although the constitution of the Municipal Tribunal took some time, the first sitting took place on 1 June 2018. Not all applications are tabled before the Tribunal, as some decision making has been delegated to the Authorised Official based on categorisation as approved by Council.

An amnesty period was proclaimed by Council that provided an opportunity for landowners to make applications in terms of which illegal land uses and building plans could be approved. This was available to land owners who had unknowingly bought a property under the impression that building plans had been approved and land uses brought in line to the zoning. The amnesty has now closed, but the opportunity to legalise land uses and buildings has been embraced by many in Bitou. Admittedly, there are still numerous applications which need to be processed, which will be completed in due course.

The River By-law has been implemented to manage the use of the Keurbooms Estuary and has led to greater control over the use of the waterbody, thanks to the help of Cape Nature (who already managed the section above the N2 White Bridge) and by the River Wardens who were appointed on a voluntary basis to assist in patrolling the waterbody. Through the generosity of residents, a patrol boat was donated and equipped to be able to enforce the By-law. Law-enforcement officers were trained as skippers, thereby upskilling the law-enforcement section of Bitou Municipality.

Although permission was granted to advertise key positions in the section i.e. a Town Planner, an Environmental Officer and a Tribunal Admin Clerk, the positions were not filled for a number of reasons. This unfortunately impacted on the day-to-day effectiveness of the section and ultimately on service delivery. This will hopefully be rectified as a matter of urgency.

## b) Highlights: Planning

The table below specifies the highlights for the year:

Highlights	Description
Constitution of the Bitou Planning Tribunal	First sitting of the Tribunal
Launch of patrol boat	Practical enforcement of the River By-law

Table 116: Planning Highlights

## c) Challenges: Planning

The table below specifies the challenges for the year:

Description	Actions to address
Staffing shortages	Appointments must be made to fill vacant positions
Ability to police unlawful land use	Staff appointments must be made to pre-empt illegal land use

Table 117: Planning Challenges

## d) Planning Service Delivery Levels

The table below reflects the different service delivery level standards for planning within the municipal area:

Applications for Land Use Development		
Detail	Built Environment	
	2016/17	2017/18
Planning application received	156	176
Determination made in year of receipt	18	24
Determination made in following year	9	39
Applications withdrawn	3	2
Applications closed	4	19
Applications outstanding at year end	105	92
Awaiting DEA&DP decision	2	4

Table 118: Applications for Land Use Development

Type of service	2016/17	2017/18
Building plan applications processed	434	345
Total surface (m <sup>2</sup> )	76 085.9	52 677.47
Approximate value (Rand)	416 670 574	971 043 903
Residential extensions	308	239
Land use applications processed	149	29
Rural applications	3	33

Table 119: Additional Performance Town Planning and Building Control



## e) Employees: Planning

The following table indicates the staff composition for this division:

Job Level	2016/17	2017/18			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	0	0	0	0.00
4 - 6	1	1	1	0	0.00
7 - 9	0	0	0	0	0.00
10 - 12	1	3	1	2	66.66
13 - 15	2	4	2	2	50.00
16 - 18	1	1	1	0	0.00
19 - 20	0	0	0	0	0.00
<b>Total</b>	<b>5</b>	<b>9</b>	<b>5</b>	<b>4</b>	<b>44.44</b>

Table 120: Employees: Planning

## f) Capital: Planning

The following table indicates the capital expenditure for this division:

Capital Projects	2017/18			
	Budget	Adjustment Budget	Actual Expenditure	Variance from adjustment budget
Furniture and equipment	30 000.00	30 000.00	18 638.46	11 361.54
<b>Total</b>	<b>30 000.00</b>	<b>30 000.00</b>	<b>18 638.46</b>	<b>11 361.54</b>

Table 121: Capital Expenditure 2017/18: Planning

## g) Capital: Municipal Land and Building

The following table indicates the capital expenditure for this division:

Capital Projects	2017/18			
	Budget	Adjustment Budget	Actual Expenditure	Variance from adjustment budget
SMME shelters	500 000.00	500 000.00	144 348.80	355 651.20
Upgrade of municipal buildings	600 000.00	800 000.00	225 792.59	574 207.41
<b>Total</b>	<b>1 100 000.00</b>	<b>1 300 000.00</b>	<b>370 141.39</b>	<b>929 858.61</b>

Table 122: Capital Expenditure 2017/18: Municipal Land and Building

## h) Capital: Infrastructure Services

The following table indicates the capital expenditure for this division:

Capital Projects	2017/18			
	Budget	Adjustment Budget	Actual Expenditure	Variance from adjustment budget
Upgrade of municipal buildings (depot)	450 000.00	500 000.00	459 168.12	40 831.88
<b>Total</b>	<b>450 000.00</b>	<b>500 000.00</b>	<b>459 168.12</b>	<b>40 831.88</b>

Table 123: Capital Expenditure 2017/18: Infrastructure Services

## 3.5.2 Local Economic Development (including Tourism and Market Places)

### a) Introduction to Local Economic Development (LED)

The LED and Tourism Unit is tasked with the obligation of growing the Bitou economy by enabling small, medium and micro-sized enterprises (SMME), creating an environment wherein business can optimally operate and to ensure that sustained increases in growth is obtained. Tourism is key to the success of the Bitou economy and is seen as a primary source for revenue enhancement and creating job opportunities. Other critical key success areas are agriculture, the marine economy, eco-education and environment /adventure driven sports.

### b) Highlights: LED

The table below specifies the highlights for the year:

Highlights	Description
Growth and Development workshop (5 and 6 October 2017)	Catalytic projects identified that would form the anchor of the Growth and Development Strategy of the Municipality
Wine and Bubbly Festival	Successful hosting of the Wine and Bubbly Festival after the previous sponsor pulled out
Contractor Development Policy	Successfully adopted a Contractor Development Policy to use SCM as a strategic enabler to create opportunities for local contractors

Table 124: Highlights: LED

### c) Challenges: LED

The following challenges with regard to the implementation of the LED strategy are:

Description	Actions to address
Relationship with Plettenberg Bay Tourism	Development of a Bitou Tourism By-law
Availability of land for agricultural projects	Discussions have been held with landowners (DRDLR)

Table 125: Challenges LED

## d) Employees: LED

The following table indicates the staff composition for this division:

Job Level (T-grade)	2016/17	2017/18			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 – 3	0	0	0	0	0.00
4 – 6	0	0	0	0	0.00
7 – 9	1	1	1	0	0.00
10 – 12	2	3	2	1	33.33
13 – 15	0	0	0	0	0.00
16 – 18	1	1	1	0	0.00
19 – 20	0	0	0	0	0.00
<b>Total</b>	<b>4</b>	<b>5</b>	<b>4</b>	<b>1</b>	<b>20</b>

Table 126: Employees: LED

## e) Capital: LED

The following table indicates the capital expenditure for this division:

R'000				
Capital Projects	2017/18			
	Budget	Adjustment Budget	Actual Expenditure	Variance from adjustment budget
Qolweni cultural village	0	594 000.00	0	0
<b>Total</b>	<b>0</b>	<b>594 000.00</b>	<b>0</b>	<b>0</b>

Table 127: Capital Expenditure 2017/18: LED

## 3.5.3 Tourism

### a) Introduction to Tourism

Tourism is outsourced to an existing tourism organisation namely the Plett Voluntary Tourism Association (PTVA) which acts as an executive and coordination organ for the promotion of sustainable tourism and tourism development in the municipal area by means of a strategic partnership with the Municipality. The responsibilities are based on a service level agreement (SLA) which includes 3 important areas such as marketing, administration and development. They receive an annual grant from the Municipality but also receive membership fees from members who belong to the organisation. The PTVA utilises a variety of marketing tools to promote the area as a tourist destination, e.g. its website, brochures, print media, line advertising, social media, exhibitions, educational, as well as consumer and trade shows.

### b) Highlights: Tourism

The table below specify the highlight for the year:










Highlights	Description
Tourism events	Events to attract tourists to Bitou:  24 Hour Reunion  New Year's Central Beach Event  Plettenberg Bay Chill Out  Tour de Plett  Wine and Bubbly Festival  Plettenberg Bay Arts Festival
Community development	 Sponsored the Bitou Community Field Ban  Trained 13 scholars in the green economy  Trained 5 youths in production skills training
Destination marketing	Ensured the marketing of Plettenberg Bay and surrounds as a tourist destination of choice

Table 128: Tourism Highlight

## c) Challenges: Tourism

The table below specifies the challenges for the year:

Description	Actions to address
Relationship with PTVA	Tourism By-law is being developed

Table 129: Challenges Tourism

## COMPONENT D: COMMUNITY AND SOCIAL SERVICES

### 3.6.1 Libraries

#### a) Introduction to Libraries

Libraries commit themselves to provide support and guidance (educational, cultural, informational, personal and social development, technological and creational information need) to ensure well informed communities within Bitou area within Provincial Library Service Norms and Standards.

#### b) Highlights: Libraries

The table below specifies the highlights for the year:

Highlights	Description
Upgrade of Library Services in Green Valley	New upgraded library facilities, including ICT facilities to Green Valley community in operation. Project completion 2018/19
Bitou Library Week 2018 outreach	Focus: Library Marketing in Green Valley. Joined project with local Field Band, Law Enforcement, Police Youth band, Green Valley, youth participants, Plettenberg Bay Secondary School (Educator)
Beach program December 2017	Bitou libraries joined in a holiday program presented at Central Beach, December 2017. Various activities (story hours, beach games, face painting and music). Tourism supported with a suitable venue, storage and marketing equipment and performance from local artist

Table 130: Libraries Highlights

## c) Challenges: Libraries

The table below specifies the challenges for the year:

Description	Action to address
Staff shortage	Address MRF/Conditional Grant business plan 2017/18. 3 Library Aids (Kwanokuthula, Green Valley and New Horizons Central Libraries) and 1 Senior Library Assistant (Plettenberg Bay Library)
Incorrect telephone numbers/addresses of patrons	Two references are required to be listed. Home visits to collect library materials with assistance of law enforcement where no response on contracts are
Reduce annual lost book accounts	Collection of outstanding libraries
Provision of Electricity	No municipal electricity, but ESKOM electricity which poses a problem (Green Valley) – pre-paid electricity must be procured regularly

Table 131: Libraries Challenges

## d) Service Statistics for Libraries

The table below specifies the service delivery levels for the year:

Type of service	2016/17	2017/18
Number of libraries	6 libraries (Green Valley no longer a depot)	6 Library Services
Library members	11 950	14 483
Books circulated	137 558 (Green Valley Library closed for upgrade)	157 462
Exhibitions held	168	272
Internet access points	6 Libraries	6 Libraries
Children's programmes	356	162
Visits by school groups	1 848	611
Book group meetings for adults	12	12
Primary and secondary book education sessions	Library promotion/outreach programs and services to educational institutions – pre-schools, crèches, all schools in the different community areas, senior citizens, community groups, private schools, Bitou Campus, UNISA, NMMU, post matriculates and other tertiary institutions	Library promotion/outreach programs and services to educational institutions – pre-schools, crèches, all schools in the different community areas, senior citizens, community groups, private schools, South Cape College, ECD, UNISA, NMMU, post matriculates and other tertiary institutions

Table 132: Service Statistics for Libraries

## e) Employees: Libraries

The following table indicates the staff composition for this division:



Job Level	2016/17	2017/18			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	1	1	1	0	0.00
4 - 6	16	24	16	6	27.27
7 - 9	2	9	2	7	77.77
10 - 12	7	8	6	2	25.00
13 - 15	1	1	1	0	0.00
16 - 18	0	0	0	0	0.00
19 - 20	0	0	0	0	0.00
<b>Total</b>	<b>27</b>	<b>43</b>	<b>26</b>	<b>15</b>	<b>36.39</b>

Table 133: Employees: Libraries

## f) Capital: Libraries

The following table indicates the capital expenditure for this division:

Capital Projects	2017/18			
	Budget	Adjustment Budget	Actual Expenditure	Variance from adjustment budget
Computer equipment	15 000.00	15 000.00	0	15 000.00
Furniture and equipment	15 000.00	15 000.00	2 849.00	12 151.00
Book detection system	30 000.00	0	0	0
Green Valley: Upgrade library	512 427.00	542 427.00	483 869.15	58 557.85
<b>Total</b>	<b>572 427.00</b>	<b>572 427.00</b>	<b>486 718.15</b>	<b>85 708.85</b>

Table 134: Capital Expenditure 2017/18: Libraries

## 3.6.2 Cemeteries

### a) Introduction to: Cemeteries

The service provides burial space for the residents of the Bitou area. The construction of a new cemetery at Ebenheazer will commence in August 2018 which will be able to accommodate about ten thousand graves.

### b) Highlights: Cemeteries

The table below specifies the highlights for the year:

Highlights	Description
Approved land	construction of new central cemetery commences in August 2018 Environmental Impact Assessment (EIA) in process
Appointment of staff	Two general workers will be appointed 1 November 2018
Approved post on organogram	Cemetery Controller position approved

Table 135: Cemeteries Highlights

## c) Challenges: Cemeteries

The table below specifies the challenges for the year:

Description	Actions to address
Shortage of staff	Two positions advertised general workers
Limited budget (vandalism of cemeteries)	Not all claims are covered by the insurances set amount of more than R10 000 therefore more money must be set aside for maintenance of cemeteries (up filling of graves, removal of excess ground)
Training	Programs have been identified for training

Table 136: Cemeteries Challenges

## d) Service Statistics for Cemeteries

The table below specifies the service delivery level for the year:

Type of service	2016/17	2017/18
Pauper burials	29	3

Table 137: Service Statistics for Cemeteries

## e) Capital: Cemeteries

The following table indicates the capital expenditure for this division:

Capital Projects	2017/18			
	Budget	Adjustment Budget	Actual Expenditure	Variance from adjustment budget
Establishment of new cemetery	700 000.00	700 000.00	0	700 000.00
<b>Total</b>	<b>700 000.00</b>	<b>700 000.00</b>	<b>0</b>	<b>700 000.00</b>

Table 138: Capital Expenditure 2017/18: Cemeteries

## COMPONENT E: SECURITY AND SAFETY

### 3.7.3 Law Enforcement

#### a) Introduction to Law Enforcement

The Law Enforcement Section is responsible for law enforcement, and monitoring and management of the security service providers, the protection of municipal property, crime prevention duties, and the protection of our beaches, as well as monitoring of the security surveillance cameras. Municipal law enforcement is mandated by Government Gazette 23868 of 26 September 2002, to address shortfalls and hardships experienced by municipalities in South Africa relating to by-law empowerment, Business Act 1991 (Act 71 of 1991), Occupational Health and Safety and land use planning.

## b) Highlights: Law Enforcement

The table below specifies the highlights for the year:

Highlights	Description
Student Festival	Student Festival is an annual event and we pride ourselves in participating and playing an integral part in this prestigious nationwide celebration
Liquor By-Laws	Fifteen (34) liquor licenses and extension liquor trading hours handled, and premises visited in conjunction with Plettenberg Bay SAPSs and Kwano SAPS
Stray Animals	Law enforcement attended to 228 stray animals in total. The stray animals are problematic through all the wards, most of the time it is on the Qolweni, Kwano, Kranshoek Road, Sasol Harkerville and Crag's areas
Riots/ Protest	Law enforcements were faced with the same challenges as during 2016 New Horizon Riots, only this time we had to fight riots on three different fronts (Crag's Riots, Qolweni Riots, as well as New Horizons). Law Enforcement had to maintain order until the Public order police arrived on the scene and it normally takes them 2 hours to arrive from Oudtshoorn
New year's celebrations	This event was well covered and all the law enforcement officers together with Extended Public Works Programme (EPWP) and seasonal workers were deployed there in order to ensure the safety of all who attended. The celebrations successful and without any incident
Gospel Festival	This festival was also well covered and (15) law enforcement officers were deployed at strategic places in order to secure the safety of the artist and other people. The event was also a success and without any incident
Jazz Festival	About (16) law enforcement officers were deployed at the jazz festival. This was well organized and well planned, and it was without incident
Implementation of River bylaw Boat	Four (4) EPWP personnel were trained and deployed to operate the law enforcement boat and to enforce the river bylaws as mandated by the Council
Joint Crime Prevention operations with SAPS	The section conducts monthly crime prevention operations with SAPS and this have proven to be a huge success as the members of the community appreciates that
Tracing operation Detectives SAPS	The section has been involved in the tracing operation and managed to two crack two high profile house robbery and murder cases in the area
Drug Related /Toxic Operations	The section has been involved in most drug related operation in the townships and has been influential in arresting of suspects and giving evidence in court. We have been involved in 29 drug related cases from July 2017 to June 2018

Table 139: Law Enforcement Highlights

## c) Challenges: Law Enforcement

The table below specifies the challenges for the year:

Description	Actions to address
Shortage of Vehicles: the office has only a few vehicles to address the challenges and complaints in seven wards (7), ideally, we would need to have 1 vehicle for each ward to address issues of by-laws	Source additional funding
Shortage of Personnel: The Unit only has 10 permanent employees and 35 EPWP personnel whose function is only to participate in safe school programme that strives to create a safe and secure learning environment into our schools	All the posts on the organisational structure are not budgeted for even though the submission were made and currently the office is depending on EPWP personnel to perform most of the duties
Animal Trailer	The department struggled to transport stray animals to George Society for the Prevention of Cruelty to Animals (SPCA) due to non-availability of an animal trailer
Impounding Facilities	The department have no impounding and we have to rely on the SPCA for assistance
Law Enforcement Learnership Programme	The withdrawal of the program has adversely affected the section and therefore hampered service delivery a lot of areas are unattended
Law Enforcement Aviation Training	None of our personnel are suitably qualified to be placed at the airport
Non-driving Personnel	The cancellation of the driver's licences training has affected our personnel as some of our personnel cannot drive

Table 140: Law Enforcement Challenges

## d) Service statistics for Law Enforcement

The table below specifies the service delivery levels for the year:

Details	2016/17	2017/18
Animals impounded	133	118
Complaints attended to by Traffic Officers	706	306
Special Functions – Escorts	13	9
Awareness initiatives on public safety	11	6
Notice of Compliance	n/a	58
Section 341 fines	n/a	1 039
Section 56	n/a	98
Toxic operation	n/a	29 Cas numbers are available
Arrests	n/a	56
Joint Crime prevention operation	n/a	12
Illegal Immigrants with Department of Home Affairs	n/a	12 deported
Vagrants/Bush dwellers operations and car guards	n/a	54
		25

Table 141: Law Enforcement Data

## e) Employees: Law Enforcement

The following table indicates the staff composition for this division:

Job Level	2016/17	2017/18			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	0	0	0	0.00
4 - 6	17	9	9	0	0.00
7 - 9	3	4	3	1	25.00
10 - 12	2	2	1	1	50.00
13 - 15	2	2	2	0	0.00
16 - 18	0	0	0	0	0.00
19 - 20	0	0	0	0	0.00
<b>Total</b>	<b>24</b>	<b>17</b>	<b>15</b>	<b>2</b>	<b>11.76</b>

Table 142: Employees: Law Enforcement

## f) Capital: Law Enforcement

The following table indicates the capital expenditure for this division:

Capital Projects	2017/18			
	Budget	Adjustment Budget	Actual Expenditure	Variance from adjustment budget
Tools and equipment	100 000.00	100 000.00	71 088.66	28 911.34
<b>Total</b>	<b>100 000.00</b>	<b>100 000.00</b>	<b>71 088.66</b>	<b>28 911.34</b>

Table 143: Capital Expenditure 2017/18: Law Enforcement

## 3.7.4 Traffic Services

### a) Introduction to Traffic Services

The Traffic Department strive to provide a safe and secure environment for all road users within the municipal area.

The department relies on support and approval from Council to ensure when motivations and requests are submitted, they would be supported. The services offered have improved from year-to-year with focus on the four E's namely:

- Engineering
- Education
- Enforcement
- Evaluation

The department now boasts a school programme for education. Our technical and road marking team have two vehicles in which progress was made to have tenders for supply and delivery of road markings, as well as signs, poles and other technical equipment.



The one-stop centre is progressing well, and the department is enthusiastic about the completion of the yard and driving license testing centre, so we can serve the public.

A concern for the department remains safety of officers as the number of attacks on officers around the country is on the increase. We aim to have a two-up policy that no officer patrol or work alone and that cameras for vehicles or personal cameras on vests be worn to ensure that when any incidents occur there is recourse to take and follow up.

## b) Highlights: Traffic Services

The table below specifies the highlights for the year:

Highlights	Description
Matric Festival	No incidents from a traffic point of view were reported Public Transport operations implemented successful
Driving Licence Testing Centre	Members of the community appreciative of the service brought closer to them Learner's classes function well Testing yard markings completed. Awaiting inspections from Provincial Inspectorate and afterwards from the National Inspectorate
Festive Season	Traffic congestion kept to a minimum

Table 144: Traffic Services Highlights

## c) Challenges: Traffic Services

The table below specify the challenge for the year:

Description	Actions to address
Vacancies	Filling of vacant positions: 1 x retirement, 1 x resignation, 2x vacant positions and 3 x secondments
Closure of Beacon Way	Point duty conducted on daily basis in an effort to assist motorist coming from side streets, as the main arterial Marine Drive, is heavily congested with vehicular traffic
Budget constrains	Budget not sufficient to address all challenges

Table 145: Traffic Services Challenge

## d) Additional Performance Service statistics for Traffic Services

The table below specifies the service delivery levels for the year:

Details	2016/17	2017/18
Motor vehicle licenses processed	36 017	43105
R- value for Motor Vehicle Licenses	9 031 642.00	11 284 544.75
Fines issued for traffic offenses	114 873	158 570
R-value of fines collected	7 949 800.00	12 116 600.00
Roadblocks held	17	22
Complaints attended to by Traffic Officers	86	77

Details	2016/17	2017/18
Awareness initiatives on public safety	9	8
Number of road traffic accidents during the year	128	141
Number of officers in the field on an average day	12 (2x Officers currently on VIP detail, 2x Officers stationed at DLTC)	11 (2x Officers currently on VIP detail, 2x Officers stationed at DLTC)
Number of officers on duty on an average day	15	13

Table 146: Additional Performance Service Statistics for Traffic Services

## e) Employees: Traffic Services

The following table indicates the staff composition for this division:

Job Level	2015/17	2017/18			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	0	0	0	0.00
4 - 6	12	12	12	0	0.00
7 - 9	1	1	1	0	0.00
10 - 12	14	16	12	4	25.00
13 - 15	2	3	2	1	23.33
16 - 18	0	0	0	0	0.00
19 - 20	0	0	0	0	0.00
<b>Total</b>	<b>29</b>	<b>32</b>	<b>27</b>	<b>5</b>	<b>15.53</b>

Table 147: Employees: Traffic Services

## f) Capital: Traffic Services

The following table indicates the capital expenditure for this division:

Capital Projects	2017/18			
	Budget	Adjustment Budget	Actual Expenditure	Variance from adjustment budget
Body armor	40 000.00	40 000.00	0	40 000.00
Technical equipment	82 000.00	82 000.00	26 140.36	55 859.64
Furniture and equipment	30 000.00	30 000.00	24 696.58	5 303.42
Firearms 9mm Glock semi-automatic	50 000.00	50 000.00	0	50 000.00
Specialised equipment	190 000.00	190 000.00	0	190 000.00
Tools and equipment	88 000.00	88 000.00	55 943.45	32 056.55
Land and buildings 2	1 793 550.00	2 393 550.00	2 275 556.42	117 993.58
<b>Total</b>	<b>2 273 550.00</b>	<b>2 873 550.00</b>	<b>2 382 336.81</b>	<b>491 213.19</b>

Table 148: Capital Expenditure 2017/18: Traffic Services

## 3.7.5 Fire Services and Disaster Management

### a) Introduction to Fire Services and Disaster Management

The Bitou Fire Department has set forward an operational need to increase service delivery and offer a service in fire and rescue as legislated in the Fire Brigade Services Act 99 of 1987, as well as improving services as required to minimums in South African National Standards in Community Protection SANS 10090: 2003.

The Bitou Fire and Rescue Service of Plettenberg Bay is dedicated to providing a service to the entire community, which are all walks of life, all races, all genders, all ages and all religions. In our efforts to improve quality of life and peace of mind, we render a service that is equitable. The service has its challenges, and members are remaining hopeful that Council will commit to needs and standards and support funding and development that is required to close the gap of service currently and where it should be.

### b) Highlights: Fire Services and Disaster Management

The table below specifies the highlights for the year:

Highlights	Description
Training and development through Provincial Fire Services	Received 3 awards at Wollwekloof for the training and development of Fire Services
Increase capacity in response time	3 Land cruisers were acquired through Provincial Grant Funding to ensure that capacity in response time is improved
Completion of the Disaster Plan	Province completed a pilot project to standardise disaster plans of which the Western Cape and Bitou Municipality formed part of this initiative
Draft tender for services 2018/19	A draft tender was completed for the 2018/19 financial year in order to cover the fire services needs to ensure: <ul style="list-style-type: none"> <li>aerial fire fighting</li> <li>ground support</li> <li>machinery</li> <li>hazmat incidents</li> <li>relief items</li> <li>operational staff rehabilitation</li> </ul>

Table 149: Highlights: Fire Services and Disaster Management

### c) Challenges: Fire Services and Disaster Management

The table below specifies the challenges for the year:

Description	Actions to address
Staffing Levels	24-hour services via shift systems need to be finalised
Vehicles / equipment	Capital funding for replacement of redundant vehicles and improvement of equipment levels needs to be allocated
Training and Development	Career path plans and specialised training for Fire Fighter 2, Driver Operator and Airport Fire Fighting
Ranking Structure / Organogram	The allocation of Disaster Management posts is required, as well as officers (Platoon Commanders Reactive and Proactive) Shift levels to minimum staffing SANS 10090

Table 150: Challenges: Fire Services and Disaster Management

## d) Service Statistics for Fire Services and Disaster Management

The table below specifies the service delivery levels for the year:

Details	2016/17		2017/18	
Operational call-outs	551		472	
Reservists and volunteers trained	10 EPWP		20 EPWP	
Awareness initiatives on fire safety	58		30	
Total fires attended in the year	423		335	
Total of other incidents attended in the year	128		137	
Average turnout time - urban areas	3.1 min	3.1 min 19.1 min	2.8 min best	9.4 min overall average
Average turnout time - rural areas	19.1 min		21.7 min worst	
Fire fighters in post at year end	1 Chief Fire Officer 2 Seniors 9 Fire Fighters 7 Learners 5 Probationary 5 Control Room		1 Chief Fire Officer 2 Seniors 9 Fire Fighters 12 Learners 5 Control Room	

Table 151: Fire Services and Disaster Management Data

## e) Employees: Fire Services and Disaster Management

The following table indicates the staff composition for this division:

Job Level	2016/17	2017/18			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	0	0	0	0.00
4 - 6	17	20	17	3	15.00
7 - 9	9	12	9	3	25.00
10 - 12	2	3	2	1	33.33
13 - 15	1	2	1	1	50.00
16 - 18	0	0	0	0	0.00
19 - 20	0	0	0	0	0.00
Total	29	37	29	8	21.62

Table 152: Employees: Fire Services and Disaster Management

## f) Capital: Fire Services and Disaster Management

The following table indicates the capital expenditure for this division:

Capital Projects	2017/18			
	Budget	Adjustment Budget	Actual Expenditure	Variance from adjustment budget
Technical rescue equipment	200 000.00	200 000.00	187 881.82	12 118.18
<b>Total</b>	<b>200 000.00</b>	<b>200 000.00</b>	<b>187 881.82</b>	<b>12 118.18</b>

Table 153: Capital Expenditure 2017/18: Fire Services and Disaster Management

## COMPONENT F: SPORT AND RECREATION

### 3.8.1 Sport and Recreation

Bitou enjoys a strong heritage in soccer, rugby, netball and cricket. The sport codes that are in the early stage of development within the greater Bitou community are athletics, cycling, boxing and golf.

#### a) Highlights: Sport and Recreation

The table below specifies the highlights for the year:



Highlights	Description
Mayoral Event (Easter Tournament)	Rugby, soccer, netball and cricket matches
Kurland and New Horizons upgrades completed	 New Horizons new boundary brick wall, upgrade of cloakroom, new cricket pitch and four new spotlights  Kurland new netball court and upgrading of cloakroom at soccer field
Qolweni Bossies Gif Sport Facility under construction	Completion date in October 2018 (1 netball and 1 soccer field)

Table 154: Sport and Recreation Highlights

#### b) Challenges: Sport and Recreation

The table below specifies the challenges for the year:

Description	Actions to address
Insufficient Budget	Increase budget to align the amount of sport fields
Staff Shortages	Investigate the possibility of making budgetary provision for staff allocations
Qolweni Bossies Gif Sport Facility under construction	House (Shacks are too close to the netball court)
Kurland and New Horizons upgrades completed	Funding reduced and not all work could be executed

Table 155: Sport and Recreation Challenges

#### c) Service Statistics for Sport and Recreation

The table below specifies the service delivery levels for the year:

Type of service	2016/17	2017/18
Number of sport grounds/fields	12	22
Number of events hosted on fields	50	50



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Type of service	2016/17	2017/18
Number of parks with play park equipment	10	8
Number of wards with community parks	7	7
Number of wards with sport fields	7	7

Table 156: Additional Performance Information for Sport and Recreation

## d) Employees: Sport and Recreation

The following table indicates the staff composition for this division:

Job Level	2016/17	2017/18			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	11	33	28	5	15.15
4 - 6	5	32	25	7	21.87
7 - 9	2	8	6	2	25.00
10 - 12	1	2	2	0	0.00
13 - 15	1	0	0	0	0.00
16 - 18	0	0	0	0	0.00
19 - 20	0	0	0	0	0.00
<b>Total</b>	<b>20</b>	<b>75</b>	<b>61</b>	<b>14</b>	<b>18.66</b>

Table 157: Employees: Sport and Recreation

## e) Capital: Sport and Recreation

The following table indicates the capital expenditure for this division:

Capital Projects	2017/18			
	Budget	Adjustment Budget	Actual Expenditure	Variance from adjustment Budget
Tools and equipment	50 000.00	50 000.00	44 516.02	5 483.98
Signage	50 000.00	0	0	0
Office furniture	25 000.00	25 000.00	981.19	24 018.81
Extension of slipway central	75 000.00	75 000.00	66 100.00	8 900.00
Tools and equipment	75 000.00	75 000.00	64 028.07	10 971.93
Office furniture	25 000.00	25 000.00	1 734.25	23 265.75
Kranshoek: Upgrade sports facility	2 631 579.00	0	0	0
Bossiesgif: Upgrade of sports facility	1 000 000.00	292 751.00	292 146.00	605.00
Kurland: Upgrade of sports facility	3 464 912.00	2 640 351.00	2 628 621.73	11 729.27
New Horizons: Upgrade of sports facility	4 307 017.00	6 000 000.00	5 972 777.66	27 222.34
Plastic chairs and tables	250 000.00	250 000.00	133 152.00	116 848.00

Capital Projects	2017/18			
	Budget	Adjustment Budget	Actual Expenditure	Variance from adjustment Budget
Total	11 953 508.00	9 433 102.00	9 204 056.92	229 045.08

Table 158: Capital Expenditure 2017/18: Sport and Recreation

## COMPONENT G: CORPORATE POLICY OFFICES AND OTHER SERVICES

### 3.9.1 Financial Services

The Financial Services Department plays a critical role in the municipal planning process and support to various departments in the Municipality. The department is led by the Chief Financial Officer and it has four departments. The department has 78 staff members and 10 interns.

#### a) Highlights: Financial Services

The table below specifies the highlights for the year:

Highlights	Description
Annual Financial Statements (AFS) submitted on 31 August 2017	AFS timeously completed
Annual budget approved 31 May 2017	Budget timeously completed
mSCOA	Advanced implementation of mSCOA

Table 159: Financial Services Highlights

#### b) Challenges: Financial Services

The table below specifies the challenges for the year:

Description	Actions to address
Acute personnel shortages	Expedite filling of positions
Training of personnel	Improve external and internal training
Debt collection	Improve and monitor collection processes

Table 160: Financial Services Challenges

#### c) Financial Services

Details of the types of account raised and recovered	Debt Recovery					
	R'000					
	2016/17			2017/18		
	Billed in Year	Actual for accounts billed in year	Proportion of accounts value billed that were collected (%)	To be billed in Year	Estimated turnout for accounts to be billed in year	Estimated Proportion of accounts to be billed that will be collected (%)
Property Rates	121 560	121 560	100	125 000	125 000	100
Electricity	126 401	126 401	100	128 777	128 777	100

Details of the types of account raised and recovered	Debt Recovery					
	R'000					
	2016/17			2017/18		
	Billed in Year	Actual for accounts billed in year	Proportion of accounts value billed that were collected (%)	To be billed in Year	Estimated turnout for accounts to be billed in year	Estimated Proportion of accounts to be billed that will be collected (%)
Water	62 387	62 387	100	66 392	66 392	100
Sanitation	70 272	70 272	100	74 769	74 769	100
Refuse	42 112	42 112	100	44 807	44 807	100

Table 161: Debt Recovery

## d) Employees: Financial Services

The following table indicates the staff composition for this division:

Job Level	2016/17	2017/18			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	2	2	0	2	100.00
4 - 6	38	38	31	7	18.42
7 - 9	7	9	7	2	22.22
10 - 12	17	21	17	4	19.04
13 - 15	5	4	2	2	50.00
16 - 18	2	4	3	1	25.00
19 - 20	0	0	0	0	0.00
<b>Total</b>	<b>71</b>	<b>78</b>	<b>60</b>	<b>18</b>	<b>23.07</b>

Table 162: Employees: Financial Services

## 3.9.2 Corporate Services

The Directorate Corporate Services is a pivotal part of the Bitou Municipality. Support services is being provided to the different directorates and offices within the Municipality in accordance to relevant legislation, collective agreements and internal policies to enable the Municipality to deliver quality services to our communities.

### a) Capital: HOD Corporate Services

The following table indicates the capital expenditure for this division:

Capital Projects	2017/18			
	Budget	Adjustment Budget	Actual Expenditure	Variance from adjustment Budget
Sound system	30 000.00	30 000.00	0	30 000.00

Capital Projects	2017/18			
	Budget	Adjustment Budget	Actual Expenditure	Variance from adjustment Budget
Total	30 000.00	30 000.00	0	30 000.00

Table 163: Capital Expenditure 2017/18: Corporate Services

## b) Capital: Administrative Support Services

The following table indicates the capital expenditure for this division:

Capital Projects	2017/18			
	Budget	Adjustment Budget	Actual Expenditure	Variance from adjustment Budget
Furniture and equipment	20 000.00	0	0	0
Upgrade of municipal buildings	150 000.00	0	0	0
Furniture and equipment	0	35 000.00	15 209.64	19 790.36
Upgrade of municipal buildings	0	135 000.00	126 853.99	8 146.01
Total	170 000.00	170 000.00	142 063.63	27 936.37

Table 164: Capital Expenditure 2017/18: Administrative Support Services

## c) Capital: Aerodrome

The following table indicates the capital expenditure for this division:




Capital Projects	2017/18			
	Budget	Adjustment Budget	Actual Expenditure	Variance from adjustment Budget
Airport fire station fencing	750 000.00	0	0	0
Upgrade of airport	0	2 440 100.00	2 348 379.03	91 720.97
Upgrading of airport	0	577 494.00	577 494.00	0
Total	750 000.00	3 017 594.00	2 925 873.03	91 720.97

Table 165: Capital Expenditure 2017/18: Aerodrome

## 3.9.3 Human Resources Management (HR)

The HRM function is a staff function aimed at providing the organization with labour and giving it specialized human resources services to help it achieve its goals.

The Human Resources Management Services branch provides the following functions:

-  **HR Administration and Skills Development:** To provide effective and efficient human resources administration, organisational development, job profile procedures, coordinate training, skills development and employment equity
-  **Labour Relations:** To render labour relations services and manage labour relations function to ensure compliance with relevant legislation, collective agreements and council policy
-  **Health & Safety & Employee Wellness:** To render occupational health and safety and employee wellness services

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## a) Highlights: HR

The table below specify the highlight for the year:

Highlights	Description
Finalisation of the organisational structure review process	Bitou Municipality's organisational structure was reviewed to ensure the enhancement of operational abilities of the Municipality in its pursuit to achieve its objective

Table 166: HR Highlights

## b) Challenges: HR

The table below specifies the challenges for the year:

Description	Actions to address
Shortage of suitably qualified staff within the section	Address by our newly revised structure and filling of vacancies as per the structure as soon as possible
High labour turnover rate	Succession planning

Table 167: HR Challenges

## c) Employees: HR

The following table indicates the staff composition for this division:

Job Level	2016/17	2017/18			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	0	0	0	0.00
4 - 6	2	2	2	0	0.00
7 - 9	4	4	2	2	50.00
10 - 12	3	6	4	2	33.33
13 - 15	2	3	3	0	0.00
16 - 18	1	1	1	0	0.00
19 - 20	0	0	0	0	0.00
<b>Total</b>	<b>12</b>	<b>16</b>	<b>12</b>	<b>4</b>	<b>25.00</b>

Table 168: Employees: HR Services

## d) Capital: HR

The following table indicates the capital expenditure for this division:

Capital Projects	2017/18			
	Budget	Adjustment Budget	Actual Expenditure	Variance from adjustment Budget
Furniture and equipment	70 000.00	70 000.00	25 924.40	44 075.60
<b>Total</b>	<b>70 000.00</b>	<b>70 000.00</b>	<b>25 924.40</b>	<b>44 075.60</b>



Table 169: Capital Expenditure 2017/18: HR

## 3.9.4 Information and Communication Technology (ICT) Services

### a) Introduction to ICT Services

To provide an advisory, strategic, developmental and management service to the Municipality in order to maintain, support and design the information systems, communication network and technology resources for the Municipality. Thus ensuring the compliance, availability, continuity and security of the Municipality's information and services. Align Council's IDP and vision with ICT Strategy through business analytics, strategic budgeting and developmental and programming, implementation of strategies related to the ICT Systems of the organization.

### b) Highlights: ICT Services

The table below specifies the highlights for the year:

Highlights	Description
ICT Governance	Significant steps made towards ICT Governance as it relates to disaster recovery and policy implementation
mSCOA	Great amount of progress was made in the adoption of mSCOA, although not perfect by any means, large amounts of work was enacted in a very short amount of time
Infrastructure Upgrade	A full refresh of all ICT Core Infrastructure was conducted without incident (Hosts, Storage)
Security Upgrade	ICT boundary firewalls were upgraded and made redundant for higher levels of resilience in protecting the municipality

Table 170: ICT Services Highlights

### c) Challenges: ICT Services

The table below specifies the challenges for the year:

Description	Actions to address
Business Change	This area is a difficult area to influence, resulting in slow rate of change in the business hindering efficiency in the work place
Support	Increasingly the formalisation of contacts with service providers are either slow in materialising or severely delayed, inhibiting change and progress in many areas
Capital	Limited capital means delivering upon certain needs are constrained
Planning	Departments not coherently planning and engaging with various stakeholders from various departments, results in constrained unbudgeted activities, firefighting and ultimately not fulfilling the planned activities for the year

Table 171: ICT Services Challenges

## d) Employees: ICT Services

The following table indicates the staff composition for this division:

Job Level	2016/17	2017/18			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	0	0	0	0.00
4 - 6	1	1	1	0	0.00
7 - 9	1	1	1	0	0.00
10 - 12	0	0	0	0	0.00
13 - 15	0	1	1	0	0.00
16 - 18	1	1	1	0	0.00
19 - 20	0	0	0	0	0.00
<b>Total</b>	<b>3</b>	<b>4</b>	<b>4</b>	<b>0</b>	<b>0.00</b>

Table 172: Employees: ICT Services

## e) Capital: ICT Services

Capital Projects	2017/18			
	Budget	Adjustment Budget	Actual Expenditure	Variance from adjustment budget
Host servers upgrading	760 000.00	760 000.00	753 670.89	6 329.11
Computer equipment	350 000.00	370 000.00	319 209.52	50 790.48
Wireless upgrades	265 000.00	265 000.00	260 233.13	4 766.87
New users	150 000.00	150 000.00	97 284.06	52 715.94
Disaster Recovery server/storage project	650 000.00	650 000.00	471 527.62	178 472.38
Computer replacements	175 000.00	175 000.00	92 897.07	82 102.93
Overhead projectors	20 000.00	0	0	0
High site setup	80 000.00	80 000.00	56 354.00	23 646.00
Hall connections (phones network)	50 000.00	50 000.00	47 500.00	2 500.00
Spares	150 000.00	150 000.00	128 616.03	21 383.97
Firewall upgrade	200 000.00	200 000.00	157 789.87	42 210.13
Computer equipment spares	150 000.00	150 000.00	13 043.50	136 956.50
<b>Total</b>	<b>3 000 000.00</b>	<b>3 000 000.00</b>	<b>2 398 125.69</b>	<b>601 874.31</b>

Table 173: Capital Expenditure 2017/18: ICT Services

## 3.9.5 Legal Services

To provide within the confines of the Constitution and other enabling legislation a dynamic legal environment that renders excellent legal services and ensures excellent executive decision-making and support to Council, thereby protecting Bitou Municipality's interests.

### a) Highlights: Legal Services

The table below specifies the highlights for the year:

Highlights	Description
We have finalised long outstanding matters and have the court granted orders as to costs to our favour	Demolition of Erf 156, this application comes since 1999, finally during the last financial year got the court order
Establishment of Tourism By-law	This will regulate the payment of funds to the organisation representing tourism industry for the development and marketing of Plettenberg Bay
Establishment of Delegation Register	Officials will know exactly which delegated functions they have

Table 174: Legal Services Highlights

### b) Challenges: Legal Services

The table below specifies the challenges for the year:

Description	Actions to address
Increase in litigation matters	Officials must consult with legal services when deciding on sensitive matters or matters that have potential of public outcry
Increase in disciplinary matters amongst staff	Consequence management must be applied consistently
Increase in forensic investigations	A panel must be appointed and budgeted for

Table 175: Legal Services Challenges

### c) Employees: Legal Services

The following table indicates the staff composition for this division:

Job Level	2016/17	2017/18			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	0	0	0	0.00
4 - 6	0	1	0	1	100.00
7 - 9	1	1	1	0	0.00
10 - 12	1	1	0	1	100.00
13 - 15	0	1	1	0	0.00
16 - 18	1	1	1	0	0.00
19 - 20	0	0	0	0	0.00
Total	3	5	3	2	40.00

Table 176: Employees: Legal Services

## 3.9.6 Procurement Services

### a) Supply Chain Management (SCM) Policy

The Bitou Municipality Supply Chain Management Policy was adopted in adherence to the SCM Regulations and is in line with the Model Policy issued by National Treasury (NT).

The SCM Policy, as well as the Infrastructure Procurement and Delivery Management Policy, were reviewed during the 2017/18 financial. The Preferential Procurement Policy (PPP) have also been amended in terms of the Preferential Procurement Regulations of 2017. The PPP is the main driver of procurement in the organization in terms of Council's strategic goal to increase localized procurement to emerging enterprises.

The amended Bitou Municipality Supply Chain Management Policy for 2017/18 was approved on 31 May 2018. The SCM Policy will focusses on the procurement of goods and services, whilst Council has also approved a policy on the Procurement of Construction-Related Services, the Infrastructure Procurement and Delivery Management Policy, on 31 May 2018.

The Provincial Treasury regularly reviews the supply chain management policies of municipalities within the province in order to ensure compliance with all relevant amendments to legislation.

#### Delegation of SCM Powers and Duties

Council has delegated the SCM powers and duties to the Municipal Manager in order to ensure that the Municipal Manager adheres to Section 115 of the MFMA to:

- discharge the responsibilities conferred by the SCM Policy
- maximise the administrative and operational efficiency in the implementation of the Policy
- enforce reasonable cost-effective measures to prevent fraud, corruption, favouritism and unfair and irregular practices

The Municipal Manager may in terms of Section 79 of the MFMA, sub-delegate certain of these powers and duties in writing. Sub-delegations have been conferred in writing to the members of bid committees and financial delegations were issued to all heads of departments for the procurement of goods and services for a value up to R200 000, subject to compliance with the requirements of the SCM Policy as recommended by the SCM Manager.

The further sub-delegation has been limited to officials ranked not lower than a TASK-Level 11.

### b) SCM Unit

In terms of Section 7 of the SCM Policy the Municipality must establish a Supply Chain Management Unit (SCMU) to implement its Supply Chain Management Policy.

The SCMU must operate under the direct supervision of the Chief Financial Officer (CFO) and may be delegated to an official reporting to the CFO, in terms of Section 82 of the MFMA, viz, the Manager: Supply Chain Management.

The Office of the Auditor-General raised in the 2016/17 audit that the compliance of the Manager: SCM have not been upgraded together with the growth in the budget into the R500 million band and needs to be addressed urgently. The Manager SCM

have since been enrolled and completed the additional unit standards required in order to ensure compliance with the minimum requirements.

The organisational structure of the SCM Unit comprises of 13 posts and the year kicked off with no vacancies on 1 July 2017. However, both Senior SCM Practitioners were lost to greener pastures, on 31 July and 31 December respectively. As at 30 June 2018, we therefore had 2 vacancies with a vacancy rate of 15%, above the norm of 5%. A moratorium has been placed on recruitment processes and the Municipality is undergoing an organisational review.

Job descriptions have been developed, evaluated and audited for all positions in SCM. However, we foresee amendments to some of these job descriptions as a result of the organisational re-design.

SCM officials are continuously developed through regular training opportunities, with specialised SCM training by the Provincial Treasury, Local Content Procurement and SCM Forum Meetings. The focus on training and development of officials will be improved and supplemented by the retention of skilled SCM officials and succession planning.

## **c) Demand Management**

In terms of Section 10(1) of the SCM Regulations, the Accounting Officer must establish and implement an appropriate demand management system in order to ensure that the resources required by the Municipality to support its operational commitments and its strategic goals outlined in the IDP, are delivered at the right time, place and price.

The demand management system must –

- include timely planning and management processes to ensure that all goods and services required by the municipality are quantified, budgeted for and timely and effectively delivered at the right locations and at the critical delivery dates, and are of the appropriate quality and quantity at a fair cost
- take into account any benefits of economies of scale that may be derived in the case of acquisitions of a repetitive nature;
- provide for the compilation of the required specifications to ensure that its needs are met
- undertake appropriate industry analysis and research to ensure that innovations and technological benefits are maximized;
- include the following demand management considerations –
  - understanding of future and current needs
  - requirements are linked to the budget
  - specifications are determined
  - needs form part of the strategic plan and Integrated Development Plan of the Municipality
  - analysis of past and current expenditure
  - optimum methods to satisfy needs
  - frequency of requirements is specified
  - calculation of economic order quantity
  - conducting of industry and market analysis



These processes have been implemented with relative success over the 2017/18 financial year and resulted in a documented plan. However, the plan still lacks due to inadequate monitoring and reporting.

The stability brought on by the appointment of Senior Managers should address some of the inefficiencies during 2018/19. The new financial year will see the development of a comprehensive Demand Management Plan, which takes into account all procurement processes required to spend the capital budget for the year and timeous planning for any contracts, which might end. The analysis of ad hoc expenditure will follow as a third phase.

## **d) Acquisition Management**

The Municipality's system of acquisition management must ensure:

- (i) That goods and services are procured in accordance with authorized processes only
- (ii) That expenditure on goods and services is incurred in terms of an approved budget in terms of Section 15 of the MFMA
- (iii) That the threshold values for different procurement processes are complied with
- (iv) That bid documentation, evaluation and adjudication criteria and general conditions of a contract are in accordance with any applicable legislation
- (v) That any Treasury guidelines on acquisition management are properly taken into account

Goods and service are procured in accordance with authorized processes and approved delegations. Expenditure that has been incurred was budgeted for in the approved budget of Council. The bid documentation that is utilized is in accordance with the guidelines issued by National and Provincial Treasury, the general conditions of contract and applicable legislation such as the Construction Industry Development Board Act (Act 38 of 2000) and we are continuously improving the documents in order to improve access and ease of use.

## **e) Accredited Prospective Providers**

In terms of Section 14 (1) the Accounting Officer must keep a list of accredited prospective providers of goods and services that must be used for the procurement requirements through written or verbal quotations and formal written price quotations.

The Municipality Accredited Suppliers Database on the SAMRAS DB4 Financial Management System is in line with the National Treasury Central Suppliers Database (CSD). Unfortunately, integration is still due to performance delays by the service provider. The SAMRAS FMS have since been upgraded to allow for the integration and training have taken place during July 2018, with final tests being performed before implementation.

The Municipality must at least once a year through newspapers commonly circulating locally, the website and any other appropriate ways, invite prospective providers of goods or services to apply for evaluation and listing as accredited prospective providers and we duly complied with the requirement with a formal advertisement process during June 2018.

The list must be updated at least quarterly to include any additional prospective providers and any new commodities or types of services. Prospective providers are allowed to apply at any time and the list is updated daily.

## f) Formal Quotations valued less than R30 000

The SCM Unit has progressively procured the procurement of formal quotations centrally. However, this remains an area where the incidence of incurring irregular expenditure, specifically where user-departments embark on procurement themselves. The Accounting Officer have instructed that procurement be channeled via SCM in order to remove the scourge.

## g) Formal Written Price Quotations for R30 000 up to R200 000

The procurement of Formal Written Price Quotations has been streamlined by obviating the need for Bid Specification and Evaluation Committees before an HOD could make an award. This change was made in order to improve the turnaround time for procurement.

Eighteen (18) RFQ's were processed at a total value of R 1 679 961.42. The average time for processing was 26 days (2016/17-40 days). The target is 10 days.

## h) Competitive Bidding for Contracts valued more than R200 000

The competitive bidding process and bid committee structures are functioning effectively. Members of the bid committees are required to complete the attendance register and declare to undertake the following:

- That all information, documentation and decisions regarding any matter before the committee is confidential and undertakes not to make known anything in this regard;
- To treat all service providers and potential service providers equitably and will not purposefully favour or prejudice anybody; and
- To make known details of any private or business interest he or she or any close family member, partner or associate may have in any proposed procurement or disposal of, or in any award or contract that they will immediately withdraw from participating in any matter whatsoever.

The bid committees have been conducted regularly through the year with attendance closely monitored in compliance with Council's SCM Policy:

No	Committee	Number of Meetings 2017/18 (2016/17)	Attendance for Quorum
1	Specifications	30 (47)	100%
2	Evaluation	29 (44)	100%
3	Adjudication	22 (28)	100%

Table 177: Compliance with Council's SCM Policy

The bid committees processed 52 tenders for awards valued in excess of R 240 659 815.79:

No	Tenders Processed	2017/18	2016/17	2015/16	2014/15
1	Tenders Awarded	52	67	87	67
2	Contracts Awarded	93	122	132	123
3	Value of Tenders Awarded	R 240 660 000	R210 390 000	R256 192 000	R206 000 000

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No	Tenders Processed	2017/18	2016/17	2015/16	2014/15
4	Number of Appeals Received	9	1	1	3
5	Number of successful appeals	0 (3 unresolved)	0 (4 unresolved)	0 (3 unresolved)	0 (2 unresolved)

Table 178: Tenders Processed

The ten highest bids awarded by the bid adjudication committee were as follows:

Tender No	Tender Description	Awarded To	Estimated Total Amount (Vat Included) R
SCM/2018/02/ENG	Upgrading of Gravel Roads in Kranshoek: Phase 2	Entsha Henra (Pty) Ltd	9 800 359.00
SCM/2018/50/ENG	Upgrading of the Bulk Infrastructure of Kwankokuthula (Phase 3A)	MDL Engineering Company (Pty)Ltd	6 689 111.00
SCM/2018/11/ENG	Construction of Kranshoek Bulk Water Supply Pipeline: Phase 1a - Portion 1	Entsha Henra (Pty)Ltd	6 603 674.00
SCM/2018/40/ENG	Upgrade Kwanokuthula Bulk Outfall Sewer Upgrade Phase 1: Portion 1	S C Housing t/a S Colarossi Housing & Civils (Pty) Ltd	5 664 197.00
SCM/2018/149/ENG	Upgrading of Aventura Sewerage Pump station: Civil Works	Khubeka Construction CC	5 324 912.00
SCM/2018/189/FIN	Management of the Short-Term Insurance Portfolio	Lateral Unison Insurance Brokers (Pty) Ltd	5 280 076.00
SCM/2018/29/COMM	Upgrading of New Horizons Sport Facilities - Civils	ACV Civils (Pty) Ltd	4 339 382.00
SCM/2018/207/ENG	Section 32-Supply and delivery of 11KV Outdoor Ring Main Units	Lucy Electric SA (Pty) Ltd	4 256 536.00
SCM/2018/95/ENG	Supply & Erection of Fencing in Plettenberg Bay: Bill 1- ClearVu & Beta fencing; Bill 2 - Wiremesh and Galvanised Palisade fencing; Bill 3 - Concrete Palisade Fencing; Bill 4 - Electric Fencing	Gateway Metalworks (Pty) Ltd t/a Gateway	4 198 518.00
SCM/2018/55/ENG	Upgrading of Kranshoek Bulk Sewer Pipeline	S C Housing t/a S Colarossi Housing & Civils (Pty) Ltd	4 037 769.00

Table 179: Ten Highest Bids Awarded

The awards in excess of R10 million, was made by the Accounting Officer upon recommendation of the Bid Adjudication Committee. Bids awarded by the Municipal Manager are as follows:

Tender Number	Tender Description	Awarded To	Estimated Total Amount (Vat Included) R
SCM/2018/10/COMM	Construction of Top Structures for Kwanokuthula Phase 4	Meyer and Verster (Pty) Ltd	74 669 867.00
SCM/2019/04/FIN	Provision of External Loans	Nedbank (Pty) Ltd	49 479 540.00
SCM/2018/14/ENG	Upgrading of Beacon Way	SC Housing (Pty)Ltd t/a S Colarossi Housing & Civils	11 048 353.00

Table 180: Tenders awarded in excess of R10 million

We also report in terms of all contracts awarded as follows:

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- Broad-Based Black Economic Empowerment (B-BBEE) compliant enterprises
- Enterprises within the Bitou municipal area
- B-BBEE Enterprises within the Bitou municipal area

The schedule compares the results with the comparative previous financial year as follows:

No	Description	2017/18	2016/17
1.	Tenders awarded	52 (add RFQ's - 18)	67
2.	Contracts concluded resulting from the tenders. (Individual suppliers or service providers appointed as a result of the tenders awarded)	93 (add RFQ's - 20)	122
3.	Estimated value of tenders awarded	R242 339 777	R210 390 000
4.	Number of appeals received	9	1
5.	Number of appeals in progress	3	4 (2 of Q2- 2014/15 still in progress) <b>resolved in 2017/18</b>
6.	Number of successful appeals	0	0
7.	Number of contracts awarded to B-BBEE Enterprises	90	111
8.	Value of contracts awarded to B-BBEE Enterprises	R234 000 807	R190 527 000
9.	% of contracts awarded to B-BBEE Enterprises	86.46%	90.56%
10.	Number of contracts awarded to enterprises based in the Bitou Municipality Area	34	58
11.	Value of contracts awarded to enterprises based in the Bitou Municipality Area	R87 534 296	R82 009 000
12.	% of contracts awarded to enterprises based in the Bitou Municipality Area vs All Contracts	27.79%	38.98%
13.	Number of contracts awarded to B-BBEE Enterprises based in the Bitou Municipality Area	32	55
14.	Value of contracts awarded to B-BBEE Enterprises based in the Bitou Municipality Area vs all contracts	R86 614 722	R79 701 000
15.	% of contracts awarded to B-BBEE Enterprises based in the Bitou Municipality Area vs all contracts	27.51%	37.88%
16.	Sub-Contracts to Local SMME's	R 28 817 000	n/a
17.	% of sub-contracts awarded to SMME Enterprises based in the Bitou Municipality Area vs all contracts	10.09%	n/a

Table 181: Comparing Schedule

## i) Deviations from the SCM Policy

Section 36 of Council's Supply Chain Management Policy allows the Accounting Officer to dispense with the official procurement processes. Deviations to the value of R4 206 953 were considered and approved and compares as follows to the previous financial years:

Description	2017/18	2016/17	2015/16	2014/15	2013/14
Value of Deviations	R4 206 953.45.00	R8 655 101.00	R12 149 319.00	R15 873 803.00	R17 381 548.00
Number of Deviations	34	109	155	170	307

Table 182: Value of Deviations

The decrease in the value of deviations and in the number of deviations are both indications of the improved diligence exercised in managing procurement in the Municipality. Unfortunately, the direct correlation between the reduction of deviations and the higher number of transactions classified as irregular expenditure, remains as only properly motivated deviations are approved.

Deviations from the SCM Policy were approved in the following categories as per Section 36 of the SCM Policy for the 2017/18 financial year:

Reason for Deviation	Number of Applications Considered and Approved				Value of Applications Approved			
	2016/17		2017/18		2016/17		2017/18	
	Number	%	Number	%	Value	%	Value	%
Section 36(1)(a)(i)- In an emergency which is considered an unforeseeable and sudden event with materially harmful or potentially materially harmful consequences for the municipality which requires urgent action to address	12	11.01	1	2.94	1 217 620	16.17	291 810	6.94
Section 36(1)(a)(ii)- Where it can be demonstrated that goods or services are produced or available from a single provider only	10	9.17	7	20.59	1 981 459	26.31	124 734	2.96
Section 36(1)(a)(iii)- For the acquisition of special works of art or historical objects where specifications are difficult to compile	0	0.00	0	0.00	0	0.00	0	0.00
Section 36(1)(a)(v)- Exceptional case and it is impractical or impossible to follow the official procurement processes	87	79.82	26	76.47	4 332 382	57.52	3 790 409	90.10
<b>Total</b>	<b>109</b>	<b>100.00</b>	<b>34</b>	<b>100.00</b>	<b>7 531 461</b>	<b>100.00</b>	<b>4 206 953</b>	<b>100.00</b>

Table 183: Categories Deviations

Deviations are constantly being reviewed to identify the potential to procure such goods or services via regular competitive bidding processes.

## j) Highlights: Procurement Services

The table below specifies the highlights for the year:

Highlights	Description
Development of Job Descriptions	All Job Descriptions formalised and evaluated



Highlights	Description
Development of Standard Operating Procedures (SOP's)	SOP's aligned to mSCOA system

Table 184: Procurement Services Highlights

## k) Challenges: Procurement Services

The table below specifies the challenges for the year:

Description	Actions to address
Vacancies of Senior Officials	The urgent recruitment of officials
Irregular Expenditure incurred	Improved centralization of procurement

Table 185: Procurement Services Challenges

## COMPONENT H: SERVICE DELIVERY PRIORITIES FOR 2018/19

The main development and service delivery priorities for 2018/19 forms part of the Municipality's Top Layer SDBIP for 2018/19 and are indicated in the tables below:

### 3.10.1 An active and engaged citizenry, able to engage with and shape the municipality's programme

Ref	KPI	Unit of Measurement	Wards	Annual Target
TL49	Spend 100% of the budget allocated for the upgrade of the New Horizon Community Hall by 30 June 2019 [(Actual expenditure divided by the total approved project budget) x100]	% of project budget spent	4	100%
TL50	Spend 100% of the budget allocated for the upgrade of the Harkerville Community Hall by 30 June 2019 [(Actual expenditure divided by the total approved project budget) x100]	% of project budget spent	7	100%

Table 186: An active and engaged citizenry, able to engage with and shape the municipality's programme

### 3.10.2 Build a capable, corruption-free administration that is able to deliver on developmental mandate

Ref	KPI	Unit of Measurement	Wards	Annual Target
TL39	Submit the Risk Based Audit Plan (RBAP) for the 2019/2020 financial year to the Audit Committee by 30 June 2019	Risk Based Audit Plan for the 2019/20 financial year compiled and submitted to the Audit Committee by 30 June 2019	All	1
TL40	Complete 80% of audits as scheduled in the RBAP applicable for 2018/19 by 30 June 2019 (Actual audits completed divided by the audits scheduled for the year) x100	% of audits completed as at 30 June 2019	All	80%
TL41	Hold quarterly meetings of the Audit Committee for the 2018/2019 financial year	Number of meetings held during the 2018/19 financial year	All	4
TL42	Complete the annual risk assessment for 2019/20 and submit to the Audit Committee by 30 March 2019	Risk assessment of 2019/20 submitted to the Audit Committee by 31 March 2019	All	1

Ref	KPI	Unit of Measurement	Wards	Annual Target
TL43	Review the Performance Management Framework and submit to Council for approval by 31 March 2019	Performance Management Framework reviewed and submitted to Council for approval by 31 March 2019	All	1
TL44	Achieve risk maturity (control level) by 30 June 2019	Risk maturity (control level) achieved by 30 June 2019	All	1
TL45	Submit the reviewed final IDP for 2019/20 to Council by 31 May 2019	Reviewed IDP submitted to Council by 31 May 2019	All	1
TL53	Submit the Community Survey to Council by 30 June 2019	Community Survey submitted to Council by 30 June 2019	All	1
TL57	The percentage of the municipal capital budget actually spent on capital projects by 30 June 2019 $\{(Actual\ amount\ spent\ on\ projects / Total\ amount\ budgeted\ for\ capital\ projects) \times 100\}$	% of the municipal budget spent by 30 June 2019	All	100%
TL71	Percentage of people equal to 70% from employment equity target groups employed in the three highest levels of management in compliance with the municipality's approved employment equity plan by 30 June 2019 $\{(Number\ of\ people\ from\ employment\ equity\ target\ groups\ employed\ (appointed)\ in\ the\ three\ highest\ levels\ of\ management\ in\ compliance\ with\ a\ municipality's\ approved\ employment\ equity\ plan / Number\ of\ people\ employed\ (appointed)\ in\ the\ three\ highest\ levels\ of\ management) \times 100\}$	% of people equal to 70% from employment equity target groups employed in the three highest levels of management in compliance with municipality's approved employment equity plan by 30 June 2019	All	70%
TL72	Spent 0.10% of operational budget on training by 30 June 2019 $\{(Actual\ total\ training\ expenditure\ divided\ by\ total\ operational\ budget) \times 100\}$	% of operational budget spent on training by 30 June 2019	All	0.10%
TL73	Conduct a comprehensive customer survey in the Greater Plettenberg Bay area by 30 June 2019	Customer Survey conducted in the Greater Plettenberg Bay area by 30 June 2019	All	1
TL74	Review 20 Human Resources policies, with the SALGA Policy Framework Scope as basis and submit to Council by 30 June 2019	Number of HR policies reviewed and submitted to Council by 30 June 2019	All	20
TL75	Review 100% of the by-laws of the Municipality and submit to Council by 30 June 2019	% of by-laws reviewed and submitted to Council by 30 June 2019	All	100%
TL76	Review the "System of operational delegations" and submit to Council for approval by 31 December 2018	"System of operational delegations" submitted to Council for approval by 31 December 2018	All	1

Table 187: Build a capable, corruption-free administration that is able to deliver on developmental mandate

### 3.10.3 Grow local economy, create jobs, empower previously disadvantaged, transform ownership patterns to economic development of local economy

Ref	KPI	Unit of Measurement	Wards	Annual Target
TL46	Submit the developed Local Economic Development (LED) Implementation Plan to Council by 30 September 2018	LED Implementation Plan submitted to Council by 30 September 2018	All	1

Ref	KPI	Unit of Measurement	Wards	Annual Target
TL47	Develop and complete a feasibility study and business plan for the Eden Bio-Dome by 30 June 2019	Eden Bio-Dome feasibility study and business plan developed and completed by 30 June 2019	All	1
TL48	Spend 100% of the budget allocated for the upgrade of the Small, Medium and Micro-sized Enterprises (SMMEs) Shelters by 30 June 2019 [(Actual expenditure divided by the total approved project budget) x100]	% of project budget spent	2	100%
TL51	Spend 100% of the budget allocated for the upgrade of the Qolweni Cultural Village by 30 June 2019 [(Actual expenditure divided by the total approved project budget) x100]	% of project budget spent	3	100%
TL77	Finalise the Tourism Bylaw and submit to Council by 30 September 2018	Tourism Bylaw finalised and submitted to Council by 30 September 2018	1	1

Table 188: Grow local economy, create jobs, empower previously disadvantaged, transform ownership patterns to economic development of local economy

### 3.10.4 Manage expenditure prudently, grow revenue base and build long term financial sustainability so as to invest in social and economic development

Ref	KPI	Unit of Measurement	Wards	Annual Target
TL54	Provide subsidies for free basic services to indigent households as at 30 June 2019	Number of indigent households receiving subsidies for free basic services as per Financial System as at 30 June 2019	All	4 300
TL55	Provide subsidies for services to sub economic households as at 30 June 2019	Number of sub economic households receiving subsidies for services as per Financial System as at 30 June 2019	All	2 493
TL56	Submit quarterly progress reports to the Municipal Manager during the 2018/19 financial year regarding the implementation of the mSCOA Regulation	Number of reports submitted	All	4
TL58	Financial viability measured in terms of the municipality's ability to meet its service debt obligations as at 30 June 2019 (Overdraft + Current Finance Lease Obligation + Noncurrent Finance Lease Obligation + Short Term Borrowings + Long term borrowing) / (Total Operating Revenue - Operational Conditional Grants) x 100	% of debt coverage as at 30 June 2019	All	45%
TL59	Financial viability measured in terms of the outstanding service debtors as at 30 June 2019 ((Total outstanding service debtors/ revenue received for services) X100)	% of outstanding service debtors as at 30 June 2019	All	11.80%
TL60	Financial viability measured in terms of the available cash to cover fixed operating expenditure as at 30 June 2019 ((Cash and Cash Equivalents - Unspent Conditional Grants - Overdraft) + Short Term Investment) / Monthly Fixed Operational Expenditure excluding (Depreciation, Amortisation, and Provision for Bad Debts, Impairment and Loss on Disposal of Assets)) as per Circular 71	Number of months it takes to cover fix operating expenditure with available cash	All	2

Ref	KPI	Unit of Measurement	Wards	Annual Target
TL61	Achieve a debtor payment percentage of 95% by 30 June 2018 (Gross Debtors Closing Balance + Billed Revenue - Gross Debtors Opening Balance - Bad Debts Written Off)/Billed Revenue x 100	% debtor payment achieved as at 30 June 2018	All	92%
TL62	Spend 100% of the budget allocated for Mobile Camera Security for wards 2 and 7 by 30 June 2019 [(Actual expenditure divided by the total approved project budget) x100]	% of project budget spent	2;7	100%

Table 189: Manage expenditure prudently, grow revenue base and build long term financial sustainability so as to invest in social and economic development

### 3.10.5 Spatially integrated areas separated by apartheid, promote access for poor to work, recreational and commercial opportunities

Ref	KPI	Unit of Measurement	Wards	Annual Target
TL52	Submit the developed Spatial Development Framework (SDF) to Council by 28 February 2019	SDF submitted to Council by 28 February 2019	All	1

Table 190: Spatially integrated areas separated by apartheid, promote access for poor to work, recreational and commercial opportunities

### 3.10.6 Universal access to decent quality of services

Ref	KPI	Unit of Measurement	Wards	Annual Target
TL1	Create 274 job opportunities in terms of the EPWP during the 2018/2019 financial year by 30 June 2019	Number of job opportunities created by 30 June 2019	All	274
TL2	Provide piped water to properties which are connected to the municipal water infrastructure network and billed for the service as at 30 June 2019	Number of properties that receive piped water as per the FMS as at 30 June 2019	All	10 581
TL3	Provide electricity to properties connected to the municipal electrical infrastructure network and billed for the service as well as prepaid electrical metering as at 30 June 2019	Number of properties connected to the municipal electrical infrastructure network (credit and prepaid electrical metering) as per the FMS as at 30 June 2019	All	12 075
TL4	Provide sanitation services to properties which are connected to the municipal waste water (sanitation/sewerage) network & are billed for sewerage service, irrespective of the number of water closets (toilets) as at 30 June 2019	Number of residential properties which are billed for sewerage in accordance with the financial system as at 30 June 2019	All	12 123
TL5	Limit real water losses to less than 19% as at 30 June 2019 (Number of Kilolitres Water Purified - Number of bulk Kilolitres metered Water)	% real water losses by 30 June 2019	All	19%
TL6	Limit unaccounted for electricity to less than 10% as at 30 June 2019 {(Number of units purchased - Number of units Sold (incl. free basic electricity) / Number of unit) x 100}	% unaccounted electricity by 30 June 2019	All	10%
TL7	Spend 100% of the approved project budget for the Walkways by 30 June 2019 [(Actual expenditure divided by the total approved project budget) x100]	% budget spent by 30 June 2019	1	100%
TL8	Spend 100% of the approved project budget for the Qolweni Civil Services PH4A by 30 June 2019 [(Actual	% budget spent by 30 June 2019	2;3	100%



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Ref	KPI	Unit of Measurement	Wards	Annual Target
	expenditure divided by the total approved project budget) x100]			
TL9	Spend 100% of the approved project budget for the upgrade of the Depot Project by 30 June 2019 [(Actual expenditure divided by the total approved project budget) x100]	% budget spent by 30 June 2019	2	100%
TL10	Spend 100% of the approved project budget for the FLISP new roads, erf 4367 (Opposite Shell Ultra City) by 30 June 2019 [(Actual expenditure divided by the total approved project budget) x100]	% budget spent by 30 June 2019	2	100%
TL11	Spend 100% of the approved project budget for the upgrade of Beacon Way in Poortjies by 31 December 2018 [(Actual expenditure divided by the total approved project budget) x100]	% budget spent by 31 December 2018	2	100%
TL12	Purchase 12 Vehicles by 30 September 2018	Number of vehicles purchased by 30 September 2018	All	12
TL13	Spend 100% of the approved project budget for the upgrade of Keurboom Aventura Sewerage pump station by 31 December 2018 [(Actual expenditure divided by the total approved project budget) x100]	% budget spent by 31 December 2018	2	100%
TL14	Spend 100% of the approved project budget for the upgrade of the Kwano Outfall Sewer Pipeline (MIG) by 31 March 2019 [(Actual expenditure divided by the total approved project budget) x100]	% budget spent by 31 March 2019	5;6	100%
TL15	Spend 100% of the approved project budget for the upgrade of the existing outfall sewer in Kranshoek to 250mm diameter by 31 December 2018 [(Actual expenditure divided by the total approved project budget) x100]	% budget spent by 31 December 2018	5;6	100%
TL16	Spend 100% of the approved project budget for the of the UISP: New sewerage system at Qolweni and Bossiesgif (PH4A) by 30 June 2019 [(Actual expenditure divided by the total approved project budget) x100]	% budget spent by 30 June 2019	2;3	100%
TL17	Spend 100% of the approved project budget for the Harkerville New Sewerage System by 30 June 2019 [(Actual expenditure divided by the total approved project budget) x100]	% budget spent by 30 June 2019	7	100%
TL18	Spend 100% of the approved project budget for the upgrade of Keurboom Pump station 2 by 31 March 2019 [(Actual expenditure divided by the total approved project budget) x100]	% budget spent by 31 March 2019	1	100%
TL19	Spend 100% of the approved project budget for the upgrade of the San Gonzalez Pumpstation13 by 30 June 2019 [(Actual expenditure divided by the total approved project budget) x100]	% budget spent by 31 March 2019	2	100%
TL20	Spend 100% of the approved project budget for the Capital Spares Project - replacement and new RMU's	% budget spent by 30 June 2019	2;3	100%



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Ref	KPI	Unit of Measurement	Wards	Annual Target
	by 30 June 2019 [(Actual expenditure divided by the total approved project budget) x100]			
TL21	Spend 100% of the approved project budget for the Capital Spares Project - replace of defective mini-subs by 30 June 2019 [(Actual expenditure divided by the total approved project budget) x100]	% budget spent by 30 June 2019	All	100%
TL22	Spend 100% of the approved project budget for the Capital Spares Project - New Generators by 30 June 2019 [(Actual expenditure divided by the total approved project budget) x100]	% budget spent by 30 June 2019	All	100%
TL23	Spend 100% of the approved project budget for the Capital Spares Project - luminaires and poles by 30 June 2019 [(Actual expenditure divided by the total approved project budget) x100]	% budget spent by 30 June 2019	All	100%
TL24	Spend 100% of the approved project budget for the Kwano High Mast Lights Project by 30 June 2019 [(Actual expenditure divided by the total approved project budget) x100]	% budget spent by 30 June 2019	All	100%
TL25	Spend 100% of the approved project budget for the Kwano New Lighting Project (PH4) by 31 March 2019 [(Actual expenditure divided by the total approved project budget) x100]	% budget spent by 30 June 2019	All	100%
TL26	Spend 100% of the approved project budget for the Kwano Electrification Project (Ph4B) by 30 June 2019 [(Actual expenditure divided by the total approved project budget) x100]	% budget spent by 30 June 2019	5:6	100%
TL27	Spend 100% of the approved project budget for the upgrade of Kwano bulk electrical network (PH4) by 30 June 2019 [(Actual expenditure divided by the total approved project budget) x100]	% budget spent by 30 June 2019	5:6	100%
TL28	Spend 100% of the approved project budget for the Green Valley High Mast Lights by 30 June 2019 [(Actual expenditure divided by the total approved project budget) x100]	% budget spent by 30 June 2019	5:6	100%
TL29	Spend 100% of the approved project budget for the Capital Spares - domestic meters and water saving devices by 30 June 2019 [(Actual expenditure divided by the total approved project budget) x100]	% budget spent by 30 June 2019	All	100%
TL30	Spend 100% of the approved project budget for the Capital Spares - new pumps, motors and fittings of the pump stations by 30 June 2019 [(Actual expenditure divided by the total approved project budget) x100]	% budget spent by 30 June 2019	All	100%
TL31	Spend 100% of the approved project budget for the Security (Fencing and security measures around pump stations and reservoirs) of Key Sites by 31 March 2019 [(Actual expenditure divided by the total approved project budget) x100]	% budget spent by 31 March 2019	All	100%

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Ref	KPI	Unit of Measurement	Wards	Annual Target
TL32	Spend 100% of the approved project budget for the upgrade of Natures Valley water pipeline by 31 December 2018 [(Actual expenditure divided by the total approved project budget) x100]	% budget spent by 31 December 2018	1	100%
TL33	Spend 100% of the approved project budget for the upgrade Poortjies water reticulation by 31 March 2019 [(Actual expenditure divided by the total approved project budget) x100]	% budget spent by 31 March 2019	2	100%
TL34	Spend 100% of the approved project budget for the upgrade of Kwano elevated tank, pumps and control panel 31 March 2019 [(Actual expenditure divided by the total approved project budget) x100]	% budget spent by 31 March 2019	All	100%
TL35	Spend 100% of the approved project budget for the new water pipeline from the Airport to Kranshoek by 30 June 2019 [(Actual expenditure divided by the total approved project budget) x100]	% budget spent by 30 June 2019	All	100%
TL36	Spend 100% of the approved project budget for the new water pipeline from UISP at Qolweni and Bossiesgif 30 June 2019 (PH4A) [(Actual expenditure divided by the total approved project budget) cx100]	% budget spent by 30 June 2019	All	100%
TL37	pend 100% of the approved project budget for the FLISP new water supply (erf 4367) by 30 June 2019 [(Actual expenditure divided by the total approved project budget) x100]	% budget spent by 30 June 2019	7	100%
TL38	Finalise the planning and SCM processes of all approved capital projects for PMU (excluding housing and multiyear) 100% by 31 October 2018	% of SCM processes finalised	All	100%
TL63	Complete 320 Top Structures in Kwanokuthula for the 2018/2019 financial year	Number of top structures completed	5;6	320
TL64	Submit funding application for the development in certain areas of Qolweni and Kurland to the Department of Human Settlements by 30 June 2019	Funding application completed and submitted to the Department of Human Settlements by 30 June 2019	3;4	1
TL65	Submit funding application for the development of FLISPS in the vicinity of Shell Ultra City to the Department of Human Settlements by 30 June 2019	Funding application completed and submitted to the Department of Human Settlements by 30 June 2019	2	1
TL66	Submit the closure plan of the refuse site to the Department of Environmental Affairs by 31 March 2019	Closure plan completed and submitted to the Department of Environmental Affairs by 31 March 2019	1	1
TL67	Provide refuse services to properties for which refuse is removed and billed for the service as at 30 June 2019	Number of properties which are billed for refuse removal as per the FMS as at 30 June 2019	All	10 788
TL68	Review the Disaster Management Plan during the 2018/2019 financial year and submit to Council by 31 March 2019	Disaster Management Plan reviewed and submitted to Council by 31 March 2019	All	1
TL69	Complete the establishment of the new regional cemetery portion 33 of the Farm Hill View 437 by 30 June 2019	Portion 33 Hill View Cemetery establishment completed	All	1

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Ref	KPI	Unit of Measurement	Wards	Annual Target
TL70	Complete the Drop-off facility (Old Nick) by 30 June 2019	Number of drop-off facilities completed by 30 June 2019	All	1

Table 191: Universal access to decent quality service

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## CHAPTER 4: ORGANISATIONAL DEVELOPMENT PROGRAMME

### 4.1 NATIONAL KEY PERFORMANCE INDICATORS – MUNICIPAL TRANSFORMATION AND ORGANISATIONAL DEVELOPMENT

The following table indicates the Municipality's performance in terms of the National Key Performance Indicators required in terms of the Local Government: Municipal Planning and the Performance Management Regulations of 2001 and Section 43 of the MSA. These key performance indicators are linked to the National Key Performance Area – Municipal Transformation and Organisational Development.

KPA & Indicators	Municipal Achievement	
	2016/17	2017/18
Percentage of people equal to 90% from employment equity target groups employed in the three highest levels of management in compliance with the municipality's approved employment equity plan by 30 June 2017 {(Number of people from employment equity target groups employed (appointed) in the three highest levels of management in compliance with a municipality's approved employment equity plan/ Number of people employed (appointed) in the three highest levels of management)x100}	78%	89%
Spent 0.1% of operational budget on training by 30 June 2017 {(Actual total training expenditure divided by total operational budget) x100}	0.22%	0.35%

Table 192: National KPIs– Municipal Transformation and Organisational Development

### 4.2 INTRODUCTION TO THE MUNICIPAL WORKFORCE

The Municipality currently employs **543** (excluding non-permanent positions) officials, who individually and collectively contribute to the achievement of Municipality's objectives. The primary objective of HR management is to render an innovative HR service that addresses both skills development and an administrative function.

#### 4.2.1 Employment Equity

The Employment Equity Act (1998) Chapter 3, Section 15 (1) states that affirmative action measures are measures designed to ensure that suitable qualified people from designated groups have equal employment opportunities and are equitably represented in all occupational categories and levels in the workforce of a designated employer. The national performance indicator also refers to: "Number of people from employment equity target groups employed in the three highest levels of management in compliance with a municipality's approved employment equity plan".

#### a) Employment Equity vs. Population

Description	African	Coloured	Indian	White	Other	Total
Population numbers	22 239	15 344	249	8 307	3 023	49 162
% Population	45%	31%	1%	17%	6%	100%

Description	African	Coloured	Indian	White	Other	Total
Number for positions filled	280	230	2	31	0	543
% for Positions filled	50%	43%	1%	6%	0%	100%

Table 193: EE Population 2017/18

## b) Specific Occupational Levels - Race

The table below categorises the number of employees by race within the occupational levels:

Occupational Levels	Male				Female				Total
	A	C	I	W	A	C	I	W	
Top Management	2	1	0	1	1	0	0	0	5
Senior management	0	1	0	4	0	0	0	0	5
Professionally qualified and experienced specialists and mid- management	10	10	1	6	1	4	0	3	35
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents	27	54	1	13	32	21	0	2	150
Semi-skilled and discretionary decision making	72	63	0	1	41	36	0	1	214
Unskilled and defined decision making	72	23	0	0	22	17	0	0	134
<b>Total permanent</b>	<b>183</b>	<b>152</b>	<b>2</b>	<b>25</b>	<b>97</b>	<b>78</b>	<b>0</b>	<b>6</b>	<b>543</b>
Non- permanent employees	3	4	0	0	5	1	0	0	13
<b>Total</b>	<b>186</b>	<b>156</b>	<b>2</b>	<b>25</b>	<b>102</b>	<b>79</b>	<b>0</b>	<b>6</b>	<b>556</b>

Table 194: Occupational Levels



## c) Departments - Race

The following table categorises the number of employees by race within the different departments:

Department	Male				Female				Total
	A	C	I	W	A	C	I	W	
Municipal Manager	14	4	0	1	11	8	0	0	38
Corporate Services	3	7	0	0	10	14	0	2	36
Financial Services	14	15	0	3	19	11	0	2	64
Community Services	89	65	0	9	43	38	0	1	245
Municipal Services and Infrastructure Development	58	55	2	9	7	3	0	0	134
Planning & Strategic Services	5	6	0	3	7	4	0	1	26
<b>Total permanent</b>	<b>183</b>	<b>152</b>	<b>2</b>	<b>25</b>	<b>97</b>	<b>78</b>	<b>0</b>	<b>6</b>	<b>543</b>
Non- permanent	3	4	0	0	5	1	0	0	13
<b>Grand total</b>	<b>186</b>	<b>156</b>	<b>2</b>	<b>25</b>	<b>102</b>	<b>79</b>	<b>0</b>	<b>6</b>	<b>556</b>

Table 195: Department - Race

### 4.2.2 Vacancy Rate

The Municipality had 653 budgeted positions approved for the 2017/18 financial year. 110 Budgeted posts were vacant at the end of 2017/18, resulting in a vacancy rate of 16.8%. A total number of 556 positions are filled of which 543 are permanent and 13 positions temporarily.

Below is a table that indicates the vacancies within the Municipality:

Per Post Level		
Post level	Filled	Vacant
MM & MSA section 57 & 56	5	1
Middle management (T14-T19)	35	5
Admin Officers (T4-T13)	371	87
General Workers (T3)	132	17
<b>Total</b>	<b>543</b>	<b>110</b>
Per Functional Level		
Functional area	Filled	Vacant
Municipal Manager	3	14
Corporate Services	36	4
Financial Services	64	17
Community Services	245	39
Municipal Services and Infrastructure Development	134	31

Per Post Level		
Post level	Filled	Vacant
Planning & Strategic Services	26	5
<b>Total</b>	<b>508</b>	<b>110</b>

Table 196: Vacancy Rate Per Post and Functional Level

## 4.2.3 Turnover Rate

A high staff turnover may be costly to a municipality and might negatively affect productivity, service delivery and institutional memory/organisational knowledge. Below is a table that shows the staff turnover rate within the Municipality. The staff turnover rate shows an increase of 5.71 % in 2017/18 compared to the 2.2 % in 2016/17.

The table below indicates the turn-over rate over the last two years:

Financial year	Total no appointments at the end of each Financial Year	New appointments	No Terminations during the year	Turn-over Rate
2016/17	546	132	12	2.20%
2017/18	543	30	31	5.71%

Table 197: Staff Turnover Rate

## 4.3 MANAGING THE MUNICIPAL WORKFORCE

Managing the municipal workforce refers to analysing and coordinating employee behaviour.

### 4.3.1 Injuries

An occupational injury is a personal injury, disease or death resulting from an occupational accident. Compensation claims for such occupational injuries are calculated according to the seriousness of the injury/disease and can be costly to a municipality. Occupational injury will influence the loss of man hours and therefore financial and productivity performance.

The injury rate for the 2016/17 financial year shows that 66 employees (11%) of 579 employees were injured against 66 (11 %) employees of 543 employees in the 2017/18 financial year.

The table below indicates the total number of injuries within the different directorates:

Directorates	2016/17	2017/18
Municipal Manager	0	1
Corporate Services	1	4
Financial Services	3	4
Community Services	40	34
Municipal Services and Infrastructure Development	20	22
Planning & Strategic Services	2	1

Directorates	2016/17	2017/18
Total	66	66

Table 198: Injuries

## 4.3.2 Sick Leave

The number of days sick leave taken by employees has service delivery and cost implications. The monitoring of sick leave identifies certain patterns or trends. Once these patterns are identified, corrective action can be taken. The total number of employees that have taken sick leave during the 2017/18 financial year shows an increase when compared to the 2016/17 financial year. The table below indicates the total number sick leave days taken within the different directorates:

Department	2016/17	2017/18
Municipal Manager	87	164
Corporate Services	295	348
Financial Services	459	504
Community Services	1 909.50	2 359
Municipal Services and Infrastructure Development	1 210	1 652
Planning & Strategic Services	250	237
Total	4 210.50	5 264

Table 199: Sick Leave

## 4.3.3 HR Policies and Plans

Policies and plans provide guidance for fair and consistent staff treatment and a consistent approach to the managing of staff.

The table below shows the HR policies and plans that are approved and that still needs to be developed:

Approved policies	
Name of Policy	Date approved/ revised
Recruitment & Selection Policy	27 June 2013 (Revised & Approved)
Employment Equity	27 March 2013 (Revised & Approved)
Dress Code Policy	27 June 2013 (Revised & Approved)
Employee Study Aid Policy	27 June 2013 (Approved)
Scarce Skills Policy	27 June 2013 (Approved)
Leave Policy	27 June 2013 (Revised & Approved)
Substance Abuse: Alcohol & Drug Policy & Procedure	27 June 2013 (Revised & Approved)
Placement Policy	27 June 2013 (Approved)
Cellular Policy	27 June 2013 (Revised & Approved)
Overtime Policy	26 September 2013 (Revised & Approved)
Sexual Harassment	26 March 2009 (Revised & Approved)

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Approved policies	
Name of Policy	Date approved/ revised
Uniform Protective Clothing Policy	27 March 2013 (Revised & Approved)
HIV/AIDS	26 March 2009
Training and Skills Development Policy	27 June 2013 (Approved)
Policies still to be developed	
Name of policy	Name of Policy
Organisational Management Policy	Fire and Rescue Training Academy Policy
Individual Performance Management Policy	EAP Policy
Removal Expenses Policy	Education Training and Development Policy
Recruitment and Selection Policy	Induction Policy
Internal and Functional Transfer Policy	Mentor and Coaching Policy
Non-Pensionable Accommodation Allowance Policy	Employee Study Aid and Leave Policy
Policies still to be developed	
Name of policy	Name of policy
Termination of Service Policy	Substance Abuse
Leave of Absence Policy	Incapacity Policy
HR Records System Policy	OHS Policy
Gifts Policy	HIV Aids Policy
Office Ethics Policy	Smoking Policy
Acting Arrangements Policy	Bereavement Policy
Private Work Policy	EE Policy Framework
External Communication Policy	Gender Policy
Confidentiality Policy	Sexual Harassment Policy
Legal Aid Policy	Disability Policy
Medical Funds Administration Policy	LLF Proceedings Policy
Overtime Policy	Experiential Training Policy
Education Training and Development Policy	Employee Driving License Assistance Policy
Induction Policy	Mayoral Bursary Fund Policy
Mentor and Coaching Policy	Internship Policy
Employee Study Aid and Leave Policy	Learnership Policy
Succession Planning and Career Pathing Policy	

Table 200: HR Policies and Plans

## 4.4 CAPACITATING THE MUNICIPAL WORKFORCE

Section 68(1) of the MSA states that municipality must develop its human resource capacity to a level that enables it to perform its functions and exercise its powers in an economical, effective, efficient and accountable way. For this purpose, the human resource capacity of a municipality must comply with the Skills Development Act (SDA), 1998 (Act No. 81 of 1998), and the Skills Development Levies Act, 20 1999 (Act No. 28 of 1999).

### 4.4.1 Skills Matrix

The table below indicates the number of employees that received training in the year under review:

Management level	Gender	Number of employees identified for training at start of the year (2017/18)	Number of Employees that received training (2017/18)
MM and S57	Female	0	1
	Male	0	0
Legislators, senior officials and managers	Female	13	9
	Male	25	18
Associate professionals and Technicians	Female	6	2
	Male	6	2
Professionals	Female	15	13
	Male	16	16
Clerks	Female	27	15
	Male	12	6
Service and sales workers	Female	20	5
	Male	35	7
Craft and related trade workers	Female	0	0
	Male	4	2
Plant and machine operators and assemblers	Female	0	0
	Male	34	12
Elementary occupations	Female	11	4
	Male	40	7
Sub total	Female	92	49
	Male	172	70
Total		264	119

Table 201: Skills Matrix



## 4.4.2 Skills Development – Training Provided

The Skills Development Act (1998) and the Municipal Systems Act, (2000), require employers to supply employees with the necessary training in order to develop its human resource capacity. Section 55(1)(f) states that as head of administration the Municipal Manager is responsible for the management, utilization and training of staff.

Occupational categories	Gender	Training provided within the reporting period						
		Learnerships		Skills programmes & other short courses		Total		
		Actual	Target	Actual	Target	Actual	Target	% achieved
MM and S57	Female	1	1	0	0	1	1	100.00
	Male	0	0	0	0	0	0	0.00
Legislators, senior officials and managers	Female	3	6	2	7	5	13	38.00
	Male	8	10	10	15	18	25	72.00
Professionals	Female	4	7	3	6	7	13	54.00
	Male	10	4	8	6	18	10	180.00
Technicians and associate professionals	Female	1	3	1	3	2	6	33.00
	Male	1	3	1	3	2	6	33.00
Clerks	Female	8	10	4	17	12	27	44.00
	Male	2	6	0	6	2	12	17.00
Service and sales workers	Female	0	6	0	14	0	20	0.00
	Male	0	13	0	22	0	35	0.00
Craft and related trade workers	Female	0	0	0	0	0	0	0.00
	Male	2	4	0	0	2	4	50.00
Plant and machine operators and assemblers	Female	0	0	0	0	0	0	0.00
	Male	0	17	0	17	0	34	0.00
Elementary occupations	Female	0	3	0	8	0	11	0.00
	Male	2	10	8	30	10	40	25.00
Sub total	Female	17	36	10	55	27	91	30.00
	Male	25	67	27	99	52	166	31.00
Total		42	103	37	154	79	257	31.00

Table 202: Skills Development

## 4.4.3 Skills Development - Budget Allocation

The table below indicates that a total amount of R1.3 million were allocated to the workplace skills plan and that 96.04% of the total amount was spent in the 2017/18 financial year:

Year	Total personnel budget	Total Allocated	Total Spend	% Spent
	R 000			
2016/17	189 827	2 757	1 282	46.50
2017/18	210 646	1 314	1 262	96.04

Table 203: Budget Allocated and Spent for Skills Development

#### 4.4.4 MFMA Competencies

In terms of Section 83 (1) of the MFMA, the accounting officer, senior managers, the chief financial officer, non-financial managers and other financial officials of a municipality must meet the prescribed financial management competency levels that are key to the successful implementation of the MFMA. National Treasury has prescribed such financial management competencies in Government Notice 493 dated 15 June 2007.

To assist the above-mentioned officials to acquire the prescribed financial competencies, National Treasury, with the collaboration of various stakeholders and role players in the local government sphere, developed an outcomes-based NQF Level 6 qualification in municipal finance management.

In terms of the Government Notice 493 of 15 June 2007, “(1) No municipality or municipal entity may, with effect 1 January 2013 (exempted until 30 September 2015 as per Government Notice No. 179 of 14 March 2014), employ a person as a financial official if that person does not meet the competency levels prescribed for the relevant position in terms of these Regulations.”

On 03 February 2017, National Treasury published Notice no. 91 of 03 February 2017 in Government Gazette No. 40593: LOCAL GOVERNMENT: MUNICIPAL FINANCE MANAGEMENT ACT 2003 – **Exemption from regulation 15 and 18 of municipal on minimum competency levels, 2007**, exempting municipalities from Regulation 15 and 18 of the Regulations on Minimum Competency Levels, subject to certain conditions.

According to the notice, a municipality may now continue to employ an existing official as well as appoint new officials who do not meet the minimum competency level as required for the position in terms of the regulations. Hereinafter, referred to as “the exemption”.

However, in terms of the notice, the exemption is subject to the following conditions:

In the case of an existing official, he/she must attain the minimum competency level in the unit standards for each competency area within 18 months from the date of publication of the notice. This condition must be included in the official’s performance agreement, where a performance agreement is required and where no such an agreement is required, the municipality must conclude an agreement with the official which gives effect to the condition.

In the case of a new appointee, the official must attain the minimum competency level in the unit standards for each competency area within 18 months from the date of appointment. This condition must be included in the employee’s contract of employment which must also state that, if the required minimum competency levels are not attained within the stipulated 18 months, the employment contract will terminate automatically within one month after the applicable period. If a

performance agreement is required for the new appointee, then the condition must be included as a performance target in the official's performance agreement.

The notice further states that the municipality must assist existing officials as well as new appointees to attain the required minimum competency level in the unit standards for each competency area, within the stipulated period.

## 4.5 MANAGING THE MUNICIPAL WORKFORCE EXPENDITURE

Section 66 of the MSA states that the accounting officer of a municipality must report to the Council on all expenditure incurred by the municipality on staff salaries, wages, allowances and benefits. This is in line with the requirements of the Public Service Regulations, (2002), as well as National Treasury Budget and Reporting Regulations SA22 and SA23.

### 4.5.1 Personnel Expenditure

The percentage personnel expenditure is essential in the budgeting process as it reflects on current and future efficiency. The table below indicates the percentage of the operational budget that was spent on salaries and allowance for the past two financial years and that the Municipality is well within the national norm of between 35 to 40%:

Financial year	Total Expenditure salary and allowances	Total Operating Expenditure(R'000)	Percentage (%)
	R'000		%
2016/17	195 253	532 278	36.68
2017/18	203 823	534 918	38.10

Table 204: Total Personnel Expenditure

Below is a summary of councillor and staff benefits for the year under review:

Financial year	2016/17	2017/18		
Description	Actual	Original Budget	Adjusted Budget	Actual
	R'000			
Councillors (Political Office Bearers Plus Other)				
Salary	4 100	4 119	4 503	4 552
Pension Contributions	316	434	285	262
Medical Aid Contributions	86	148	103	95
Motor vehicle allowance	312	355	602	294
Cell phone allowance	322	368	530	709
Housing allowance	223	321	119	125
In-kind benefits	0	0	0	0
Sub Total	5 359	5 745	6 142	6 038
% increase/(decrease)	1.59	7.20	18.04	8.80
Senior Managers of the Municipality				

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Financial year	2016/17	2017/18		
Description	Actual	Original Budget	Adjusted Budget	Actual
	R'ooo			
Basic Salaries and Wages	6 732	8 202	8 202	4,093
Motor vehicle allowance	666	1 233	1 233	866
Cell phone allowance	155	372	372	230
Performance Bonus	0	0	0	0
Contributions to UIF, Medical and Pension Fund	335	1 277	1 277	108
Other benefits or allowances	1 939	1 872	1 872	1 601
In-kind benefits	0	0	0	0
<b>Sub Total</b>	<b>9 827</b>	<b>12 956</b>	<b>12 956</b>	<b>6 898</b>
<b>% increase/(decrease)</b>	<b>34 996</b>	<b>31.80</b>	<b>0</b>	<b>-31.90</b>
<b>Other Municipal Staff</b>				
Basic Salaries and Wages	104 670	128 440	121 576	125,845
Contributions to UIF, Medical and Pension	30 856	39 528	33 182	33,593
Motor vehicle allowance	10 681	4 857	5 066	8,280
Housing allowance	1 045	2 310	2 274	1,229
Overtime	9 620	3 855	5 927	11 727
Performance Bonus	349	0	0	631
Other benefits or allowances	27 036	28 226	29 666	9 748
<b>Sub Total</b>	<b>184 257</b>	<b>207 216</b>	<b>197 691</b>	<b>191 053</b>
<b>% increase/(decrease)</b>	<b>(8.03)</b>	<b>6.7</b>	<b>1.3</b>	<b>8.8</b>
<b>Total Municipality</b>	<b>199 443</b>	<b>225 917</b>	<b>216 789</b>	<b>203 970</b>
<b>% increase/(decrease)</b>	<b>(2.75)</b>	<b>7.90</b>	<b>(9.5)</b>	<b>3.30</b>

Table 205: Analysis of Personnel Expenditure

## CHAPTER 5: FINANCIAL PERFORMANCE

### COMPONENT A: STATEMENTS OF FINANCIAL PERFORMANCE

The Statement of Financial Performance provides an overview of the financial performance of the municipality and focuses on the financial health of the municipality.

#### 5.1 FINANCIAL SUMMARY

The table below indicates the summary of the financial performance for the 2017/18 financial year:

Financial Summary						
R'000						
Description	2016/17	2017/18			2017/18 %Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustments Budget
Financial Performance						
Property rates	112,519	127 143	122 535	121 810	-4.19	-0.60
Service charges	251 671	301 599	296 389	278 312	-7.72	-6.09
Investment revenue	10,367	8 502	8 502	12 304	44.72	44.72
Transfers recognised - operational	100,363	130 876	131 942	127 604	-2.50	-3.29
Other own revenue	51 006	51 389	55 053	80 506	56.66	46.23
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>525 926</b>	<b>619 509</b>	<b>614 421</b>	<b>620 536</b>	<b>0.17</b>	<b>1.00</b>
Employee costs	194 086	209 949	211 863	197 932	5.72	6.58
Remuneration of councillors	5 360	5 747	6 143	6 038	-5.06	-1.71
Debt impairment	31 491	21 437	21 437	63 379	-195.65	-195.65
Depreciation & asset impairment	24 949	27 175	27 175	30 600	-12.60	-12.61
Finance charges	17 169	16 348	15 572	17 658	-8.01	-13.40
Materials and bulk purchases	118 056	108 614	125 774	128 585	-18.39	2.23
Transfers and grants	8 819	3 401	5 833	5 776	-69.83	-0.98
Other expenditure	121 239	178 553	158 536	158 742	11.10	-0.13
<b>Total Expenditure</b>	<b>521 168</b>	<b>571 224</b>	<b>572 333</b>	<b>608 710</b>	<b>-6.56</b>	<b>-6.36</b>
<b>Surplus/(Deficit)</b>	<b>4 758</b>	<b>48 285</b>	<b>42 088</b>	<b>11 826</b>	<b>-75.57</b>	<b>-71.90</b>
Transfers recognised - capital	81 805	45 480	50 200	51 017	12.17	1.62
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>86 563</b>	<b>93 765</b>	<b>92 288</b>	<b>62 843</b>	<b>-32.98</b>	<b>-31.91</b>



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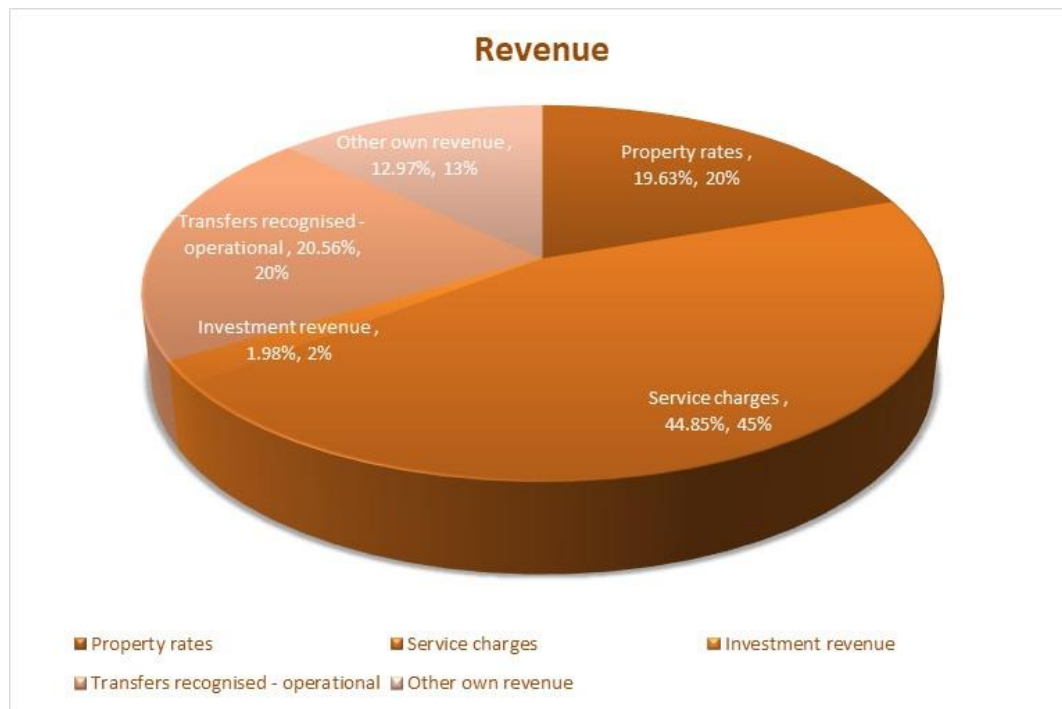
Financial Summary						
R'000						
Description	2016/17	2017/18			2017/18 %Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustments Budget
Capital expenditure & funds sources						
Capital expenditure						
Transfers recognised - capital	72 738	45 480	50 200	51 017	12.17	1.62
Public contributions & donations	853	0	0	0	0	0
Borrowing	23 633	38 121	32 457	30 314	20.48%	6.60
Internally generated funds	23 445	28 263	43 503	34 145	20.81%	21.51
<b>Total sources of capital funds</b>	<b>120 670</b>	<b>111 864</b>	<b>121 995</b>	<b>110 215</b>	<b>1.47</b>	<b>9.66</b>
Financial position						
Total current assets	210 110	248 904	181 095	220 437	11.43	21.72
Total non-current assets	1 010 247	1 133 506	1 133 506	1 089 759	-8.56	-8.56
Total current liabilities	118 260	101 780	116 780	131 755	29.45	12.82
Total non-current liabilities	257 362	281 520	281 520	264 863	-5.91	-5.91
Community wealth/Equity	850 734	999 110	916 301	913 577	8.56	0.30
Cash flows						
Net cash from (used) operating	117,567	105 610	101 863	114 153	6.79	10.33
Net cash from (used) investing	(120 520)	(111 864)	(121 995)	(113 809)	1.74	6.71
Net cash from (used) financing	8 045	26 867	21 203	14 414	28.67	32.02
<b>Cash/cash equivalents at the year end</b>	<b>5,092</b>	<b>20 614</b>	<b>1 071</b>	<b>14 758</b>	<b>-28.41</b>	<b>12.78</b>
Asset management						
Asset register summary (WDV)	999,928	1 126 403	1 101 753	1 082 897	3.86	1.71
Depreciation & asset impairment	24,949	27 175	21 720	31 408	15.58	44.60
Renewal of Existing Assets	0	40 081	46 620	2,729	93	94.14
Repairs and Maintenance	26,069	27 431	27 431	24 726	9.86	9.86
Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual.						

Table 206: Financial Performance 2017/18

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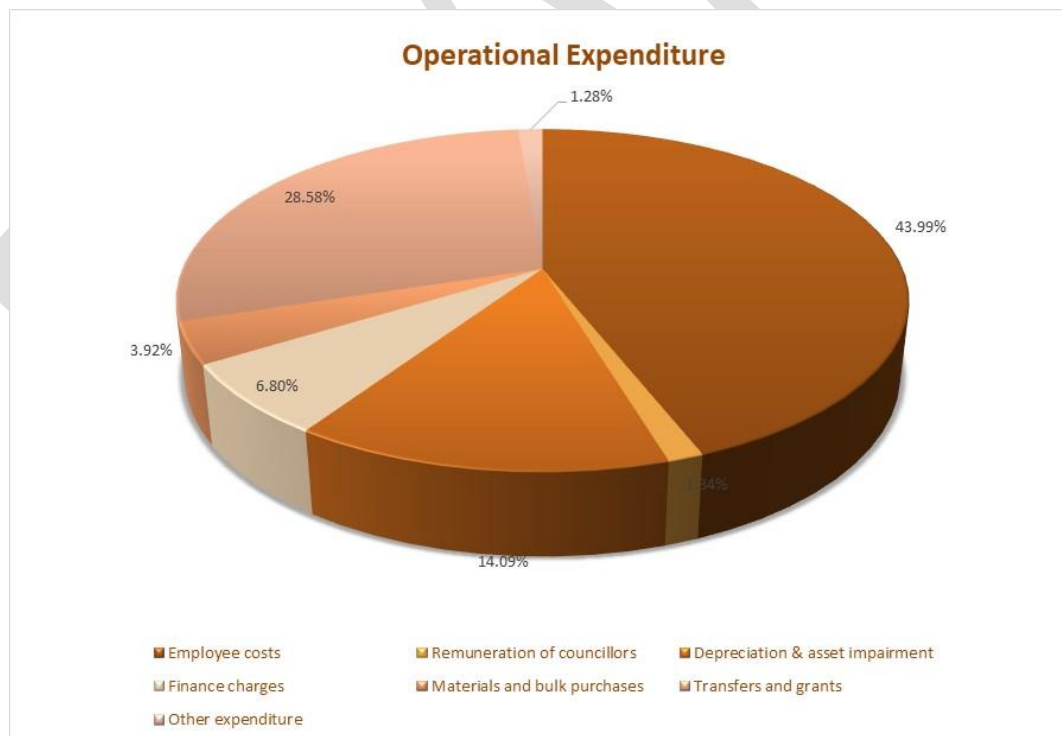


The following graph indicates the various types of revenue items in the municipal budget for 2017/18



Graph 3.: Revenue

The following graph indicates the various types of operational expenditure items in the municipality budget for 2017/18



Graph 4.: Operating Expenditure

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The table below shows a summary of performance against budgets:

Financial Year	Operating Revenue				Operating expenditure			
	Budget	Actual	Diff.	%	Budget	Actual	Diff.	%
	R'000	R'000	R'000		R'000	R'000	R'000	
2016/17	515,754	525 926	10 172	-18.05	551,054	488 199	62 855	-11.41
2017/18	614 421	620 536	6 114	1.00	573 085	542 197	30 889	-5.39

Table 207: Performance Against Budgets

## 5.1.1 Revenue Collection by Vote

The table below indicates the revenue collection performance by vote:

Vote Description	2016/17	2017/18			2017/18 % Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjusted Budget
	R'000					
Community and Public Safety	144 790	126 753	126 629	151 114	19.22	19.34
Corporate Services	317	566	39 697	32 597	5659.19	-17.86
Executive and Council	2 499	2 962	2 962	2 979	0.57	0.57
Financial Services	141 817	152 171	140 806	145 640	-4.29	3.43
Strategic Services	8 318	9 815	3 969	3 939	-59.87	-0.76
Municipal Manager	30 198	39 173	107	188	-99.52	75.70
Engineering Services	289 006	334,301	350 451	335 094	7.18	4.38
<b>Total Revenue by Vote</b>	<b>144 790</b>	<b>126 753</b>	<b>126 629</b>	<b>151 114</b>	<b>19.22</b>	<b>19.34</b>

Table 208: Revenue by Vote

## 5.1.2 Revenue Collection by Source

The table below indicates the revenue collection performance by source for the 2017/18 financial year:

Description	2016/17	2017/18			2017/18 % Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjusted Budget
	R'000					
Property rates	112 556	127 143	122 535	121 810	-4.19	-0.59
Service Charges - electricity revenue	131 936	137 487	155 736	134 569	-2.12	-13.59
Service Charges - water revenue	52 077	65 086	63 970	67 107	3.11	4.97
Service Charges - sanitation revenue	40 711	61 221	50 292	47 743	-22.02	-5.07
Service Charges - refuse revenue	25 370	37 805	29 663	28 891	-23.58	-2.60
Rentals of facilities and equipment	1 462	1 500	10 034	1 102	-26.53	-89.02
Interest earned - external investments	10 367	8 502	8 502	12 304	44.72	44.72
Interest earned - outstanding debtors	6 817	5 272	5 435	6 025	14.28	10.86

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Description	2016/17	2017/18			2017/18 % Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjusted Budget
	R'000					
Fines	29 935	22 897	23 024	59 738	160.90	159.46
Licences and permits	211	6 264	6 314	572	-90.87	-90.94
Agency services	1 518	1 319	1 319	1 664	26.16	26.16
Transfers recognised - operational	100 363	130 876	131 838	127 603	-2.5	-3.21
Transfers recognised - Capital	81 805	45 480	50 200	51 017	12.17	1.63
Public Contributions and Donations	244	0	0	0	0.00	0.00
Other revenue	10 598	14 137	8 927	9 440	-33.22	5.75
Gains on disposal of PPE	0	752	752	0	0.00	0.00
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>616 945</b>	<b>665 741</b>	<b>673 373</b>	<b>671 552</b>	<b>0.87</b>	<b>0.27</b>

Table 209: Revenue by Source

## 5.1.3 Operational Services Performance

The table below indicates the operational services performance for the 2017/18 financial year:

Financial Performance of Operational Services						
R'000						
Description	2016/17	2017/18			2017/18 % Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjusted Budget
Operating Cost						
Water	48 539	86 604	86 556	87 614	-1.17	-1.22
Waste Water (Sanitation)	25 655	83 330	76 006	73 979	11.22	2.60
Electricity	29 688	34 210	51 686	28 066	17.95	45.70
Waste Management	233	42 225	29 577	26 931	36.22	8.95
Housing	41 488	2 244	8 472	3 652	-62.75	-56.89
<b>Component A: sub-total</b>	<b>145 603</b>	<b>248 613</b>	<b>252 297</b>	<b>220 242</b>	<b>10.40%</b>	<b>15.57</b>
Roads and Stormwater	(24 382)	(21 280)	(22 143)	(21 756)	-2.24	-1.75
<b>Component B: sub-total</b>	<b>(24,382)</b>	<b>(21 280)</b>	<b>(22 143)</b>	<b>21 756</b>	<b>2.24</b>	<b>1.75</b>
Planning	(5 754)	(2100)	(2 093)	(1 988)	5.3	5.02
<b>Component C: sub-total</b>	<b>(5 754)</b>	<b>(2 100)</b>	<b>(2 093)</b>	<b>(1 988)</b>	<b>5.3</b>	<b>5.02</b>
Libraries	633	(539)	(843)	(65)	87.94	92.29
Cemeteries	(200)	(1559)	(1530)	(621)	60.17	59.41
<b>Component D: sub-total</b>	<b>433</b>	<b>(2 098)</b>	<b>(2 373)</b>	<b>(686)</b>	<b>67.30</b>	<b>71.09</b>
Traffic Services and Law Enforcement	(9 730)	713	720	28	96.07	96.11

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Financial Performance of Operational Services						
R'000						
Description	2016/17	2017/18			2017/18 % Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjusted Budget
Operating Cost						
Component E: sub-total	(9 730)	(713)	(720)	(28)	96.07	96.11
Sport and Recreation	(21 397)	(22 814)	(21 493)	(22 118)	3.05	-2.91
Component F: sub-total	(21 397)	(22 814)	(21 493)	(22 118)	3.05	-2.91
Financial Services	94 571	100 242	101 257	39 897	60.19	60.60
Corporate Services	(12 732)	(15 413)	(14 228)	(10 844)	29.64	23.78
Other	0	0	0	0	0	0
Component G: sub-total	81 838	84 829	87 029	29 053	65.75	66.62
Total Expenditure	166 611	242 476	256 012	166 420	31.36	34.99

Table 210: Operational Services Performance

## 5.2 FINANCIAL PERFORMANCE PER MUNICIPAL FUNCTION

### 5.2.1 Water Services

Description	2016/17	2017/18			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				
Total Operational Revenue (excluding tariffs)	86 188	114 250	115 511	127 012	11 500
<b>Expenditure</b>					
Employees	(10,584)	(16 478)	(16 340)	(15 224)	(1 115)
Repairs and Maintenance	(2,135)	(2 315)	(2 448)	(2 124)	(323)
Other	(24,930)	(8 853)	(10 168)	(22 049)	(11 881)
Total Operational Expenditure	(37 649)	(27 646)	(28 955)	(39 397)	(10 442)
Net Operational (Service) Expenditure	48,539	86 604	86 556	87 614	(1 058)

Table 211: Financial Performance: Water services

### 5.2.2 Waste Water (Sanitation)

Description	2016/17	2017/18			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				
Total Operational Revenue (excluding tariffs)	49 926	83 331	85 819	82 608	3 212
<b>Expenditure</b>					



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Description	2016/17	2017/18			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'ooo				
Employees	(6 612)	(4 207)	(4 207)	(3 930)	(276)
Repairs and Maintenance	(1 638)	(1 535)	(2 755)	(2 770)	(15)
Other	(16 022)	(3 155)	(2 851)	(1 928)	(923)
<b>Total Operational Expenditure</b>	<b>(24 272)</b>	<b>(8 897)</b>	<b>(9 813)</b>	<b>(8 629)</b>	<b>(1 185)</b>
<b>Net Operational (Service) Expenditure</b>	<b>25 655</b>	<b>83 330</b>	<b>76 006</b>	<b>73 979</b>	<b>2 027</b>

Table 212: Financial Performance: Waste Water (Sanitation) services

## 5.2.3 Electricity

Description	2016/17	2017/18			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'ooo				
<b>Total Operational Revenue (excluding tariffs)</b>	<b>161 085</b>	<b>164 765</b>	<b>182 274</b>	<b>157 276</b>	<b>24 998</b>
<b>Expenditure</b>					
Employees	(13 478)	(15 818)	(15 914)	(14 517)	(1 398)
Repairs and Maintenance	(4 436)	(2 861)	(2 861)	(2 948)	-87 451.3
Other	(113 483)	(111 877)	(111 812)	(111 744)	(68)
<b>Total Operational Expenditure</b>	<b>(131 397)</b>	<b>(130 559)</b>	<b>(130 588)</b>	<b>(129 210)</b>	<b>(1 378)</b>
<b>Net Operational (Service) Expenditure</b>	<b>29 688</b>	<b>34 210</b>	<b>51 686</b>	<b>28 066</b>	<b>23 619</b>

Table 213: Financial Performance: Electricity

## 5.2.4 Waste Management

Description	2016/17	2017/18			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'ooo				
<b>Total Operational Revenue (excluding tariffs)</b>	<b>34 003</b>	<b>-62 831 023.00</b>	<b>-53 770 949.00</b>	<b>-52 903 836.94</b>	<b>-867 112.56</b>
<b>Expenditure</b>					
Employees	(13 045)	(13 764)	(13 764)	(16 361)	2 597
Repairs and Maintenance	(3 870)	(350)	(350)	(38)	(312)
Other	(16 856)	(6 491)	(10 080)	(9 572)	(507)
<b>Total Operational Expenditure</b>	<b>(33 770)</b>	<b>(20 606)</b>	<b>(24 194)</b>	<b>(25 973)</b>	<b>1 778</b>
<b>Net Operational (Service) Expenditure</b>	<b>233</b>	<b>42 225</b>	<b>29 577</b>	<b>26 931</b>	<b>(2 645)</b>

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Table 214: Financial Performance: Waste Management

## 5.2.5 Housing

Description	2016/17	2017/18			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'ooo				
Total Operational Revenue (excluding tariffs)	67 526	40 405 190.00	40 405 190.00	32 738 995.83	7 666 194.17
<b>Expenditure</b>					
Employees	(5 339)	(4 862 720.00)	(4 862 720.00)	(5 755 860.36)	(893 140.36)
Repairs and Maintenance	(30)	(40 000.00)	(25 000.00)	(5 800.77)	(19 199.23)
Other	(20 668)	(33 258 126.00)	(27 045 582.00)	(23 325 574.67)	(3 720 007.33)
Total Operational Expenditure	(26 037)	(38 160 846.00)	(31 933 302.00)	(29 087 235.80)	(2 846 066.20)
Net Operational (Service) Expenditure	(41 488)	(2 244 344)	(8 471 888)	(3 651 760.03)	(4 820 127.97)

Table 215: Financial Performance: Housing

## 5.2.6 Roads and Stormwater

Description	2016/17	2017/18			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'ooo				
Total Operational Revenue (excluding tariffs)	200	1 589 000.00	1 589 000.00	1 589 000.01	0.1
<b>Expenditure</b>					
Employees	(6 141)	(7 669 510.00)	(7 367 972.00)	(6 833 949.58)	(534 022.42)
Repairs and Maintenance	(5 132)	(7 564 920.00)	(8 164 920.00)	(7 957 131.61)	(207 788.39)
Other	(13 309)	(7 634 554.00)	(8 198 893.00)	(8 554 117.39)	(355 224.39)
Total Operational Expenditure	(24 582)	(22 868 984.00)	(23 731 785.00)	(23 345 198.58)	(386 586.42)
Net Operational (Service) Expenditure	(24 382)	(21 279 984)	(22 142 785)	(21 756 198.57)	(386 586.43)

Table 216: Financial Performance: Roads and Stormwater

## 5.2.7 LED

Description	2016/17	2017/18			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'ooo				
Total Operational Revenue (excluding tariffs)	0	0	0	0	0
<b>Expenditure</b>					
Employees	(2 440)	(2 340 123.00)	(2 340 123.00)	(2 893 170.60)	(553 047.60)

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Description	2016/17	2017/18			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				
Repairs and Maintenance	(0)	(6 730.00)	(3 730.00)	(0)	(0)
Other	(481)	(3 616 515.00)	(1 518 177.00)	(366 658.00)	(1 151 519)
<b>Total Operational Expenditure</b>	<b>(2 921)</b>	<b>(5 963 368.00)</b>	<b>(3 862 030.00)</b>	<b>(3 259 828.60)</b>	<b>(602 201.40)</b>
<b>Net Operational (Service) Expenditure</b>	<b>(2 921)</b>	<b>(5 963 368)</b>	<b>(3 862 030)</b>	<b>(3 259 828.60)</b>	<b>(602 201.40)</b>

Table 217: Financial Performance: LED

## 5.2.8 Planning and Development

Description	2016/17	2017/18			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				
<b>Total Operational Revenue (excluding tariffs)</b>	<b>(4 825)</b>	<b>1 000 000.00</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Expenditure</b>					
Employees	(10 097)	(2 933.00)	(2 933.00)	(2 933.04)	(0.04)
Repairs and Maintenance	(743)	(0)	(0)	(0)	(0)
Other	(261)	(3 097 429.00)	(2 090 239.00)	(1 985 663.36)	(104 575.64)
<b>Total Operational Expenditure</b>	<b>(10 579)</b>	<b>(3 100 000)</b>	<b>(2 093 172)</b>	<b>(1 988 596.40)</b>	<b>(104 575.60)</b>
<b>Net Operational (Service) Expenditure</b>	<b>(5 754)</b>	<b>(2 100 000)</b>	<b>(2 093 172)</b>	<b>(1 988 596.40)</b>	<b>(104 575.60)</b>

Table 218: Financial Performance: Planning and Development

## 5.2.9 Libraries

Description	2016/17	2017/18			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				
<b>Total Operational Revenue (excluding tariffs)</b>	<b>10,542</b>	<b>10 460 859.00</b>	<b>10 460 859.00</b>	<b>9 869 874.35</b>	<b>590 984.65</b>
<b>Expenditure</b>					
Employees	(7 260)	(8 606 361.00)	(8 606 361.00)	(8 047 385.53)	(558 975.47)
Repairs and Maintenance	(143)	(218 680.00)	(203 680.00)	(200 388.96)	(3 291.04)
Other	(2 506)	(2 174 738.00)	(2 494 287.00)	(1 686 804.40)	(807 482.60)
<b>Total Operational Expenditure</b>	<b>9 909</b>	<b>(10 999 779.00)</b>	<b>(11 304 328.00)</b>	<b>(9 934 578.89)</b>	<b>(1 369 749.11)</b>
<b>Net Operational (Service) Expenditure</b>	<b>(633)</b>	<b>(538 920)</b>	<b>(843 469)</b>	<b>(64 704.54)</b>	<b>(778 764.46)</b>

Table 219: Financial Performance: Libraries

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## 5.2.10 Traffic Services and Law Enforcement

Description	2016/17	2017/18			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'ooo				
Total Operational Revenue (excluding tariffs)	45 483	30 401 410.00	30 401 410.00	61 328 609.19	30 927 199.19
<b>Expenditure</b>					
Employees	(17 080)	(16 170 654.00)	(17 767 250.00)	(20 444 513.29)	(2 677 263.29)
Repairs and Maintenance	(730)	(5 560.00)	(475 655.00)	(429 289.70)	(46 365.30)
Other	(37 403)	(13 512 207.00)	(12 878 333.00)	(12 768 039.46)	(110 293.54)
Total Operational Expenditure	(55 213)	(29 688 421.00)	(31 121 238.00)	(33 641 842.45)	(2 520 604.45)
Net Operational (Service) Expenditure	(9 730)	712 989	(719 828)	(27 686 766.74)	(26 966 938.74)

Table 220: Financial Performance: Traffic Services and Law Enforcement

## 5.2.11 Cemeteries

Description	2016/17	2017/18			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'ooo				
Total Operational Revenue (excluding tariffs)	(30)	0	-35	14	22
<b>Expenditure</b>					
Employees	(34)	(1 248 100.00)	(1 248 100.00)	(340 107.16)	(907 992.84)
Repairs and Maintenance	(3)	(40 840.00)	(40 840.00)	(27 488.55)	(13 351.45)
Other	(194)	(269 909.00)	(276 002.00)	(267 017.79)	(8 984.21)
Total Operational Expenditure	(230)	(1 558 849.00)	(1 564 942.00)	(634 613.50)	(930 328.50)
Net Operational (Service) Expenditure	(200)	(1 558 849.00)	(1 529 742)	(620 973.50)	(908 768.50)

Table 221: Financial Performance: Cemeteries

## 5.2.12 Sport, Parks and Recreation

Description	2016/17	2017/18			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'ooo				
Total Operational Revenue (excluding tariffs)	603	569 740	1 987 560	2 919 744.94	932 184.94
<b>Expenditure</b>					
Employees	(16 486)	(18 028 604.00)	(18 028 604.00)	(19 479 654.32)	(1 451 050.32)
Repairs and Maintenance	(2 123)	(1 495 236.00)	(2 783 966.00)	(2 429 038.78)	(354 927.22)

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Description	2016/17	2017/18			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				
Other	(3 391)	(3 860 097.00)	(2 668 118.00)	(3 129 348.47)	(461 230.47)
<b>Total Operational Expenditure</b>	<b>(22 000)</b>	<b>(23 383 937.00)</b>	<b>(23 480 688.00)</b>	<b>(25 038 041.57)</b>	<b>(1 557 353.57)</b>
<b>Net Operational (Service) Expenditure</b>	<b>(21 397)</b>	<b>(22 814 197)</b>	<b>(21 493 128)</b>	<b>(22 118 296.63)</b>	<b>(625 168.63)</b>

Table 222: Financial Performance: Sport, Parks and Recreation

## 5.2.13 Tourism

Description	2016/17	2017/18			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				
<b>Total Operational Revenue (excluding tariffs)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Expenditure</b>					
Employees	(0)	(1 337 200.00)	(1 337 200.00)	(1 257 614.59)	(79 585.41)
Repairs and Maintenance	(0)	(0)	(0)	(0)	(0)
Other	(5 775)	(102 498)	(6 796 788.00)	(5 582 693.62)	(1 214 094.38)
<b>Total Operational Expenditure</b>	<b>(5 775)</b>	<b>(1 439 698.00)</b>	<b>(8 133 988.00)</b>	<b>(6 840 308.21)</b>	<b>(1 293 679.79)</b>
<b>Net Operational (Service) Expenditure</b>	<b>(5 775)</b>	<b>(1 439 698)</b>	<b>(8 133 988)</b>	<b>(6 840 308.21)</b>	<b>(1 293 679.79)</b>

Table 223: Financial Performance: Tourism

## 5.2.14 Financial Services

Description	2016/17	2017/18			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				
<b>Total Operational Revenue (excluding tariffs)</b>	<b>141 817</b>	<b>146 036 554</b>	<b>144 414 075</b>	<b>74 451 244.94</b>	<b>69 962 830.06</b>
<b>Expenditure</b>					
Employees	(27 647)	(28 402 393.00)	(28 426 230.00)	(24 897 672.06)	(3 528 557.94)
Repairs and Maintenance	(862)	(49 190.00)	(49 190.00)	(30 695.67)	(18 494.33)
Other	(18 737)	(17 343 512.00)	(14 681 623.00)	(10 625 659.51)	(4 055 963.49)
<b>Total Operational Expenditure</b>	<b>(47 247)</b>	<b>(45 795 095.00)</b>	<b>(43 157 043.00)</b>	<b>(35 554 027.24)</b>	<b>(7 603 015.76)</b>
<b>Net Operational (Service) Expenditure</b>	<b>(94 571)</b>	<b>(100 241 459)</b>	<b>(101 257 032)</b>	<b>(38 897 217.70)</b>	<b>(62 359 814.30)</b>

Table 224: Financial Performance: Financial Services



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## 5.2.15 Human Resources

Description	2016/17	2017/18			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				
Total Operational Revenue (excluding tariffs)	317	565 770	631 770	1 551 883.09	920 113.09
<b>Expenditure</b>					
Employees	(5 988)	(6 099 704.00)	(5 792 207.00)	(6 002 887.11)	(210 680.11)
Repairs and Maintenance	(0)	(29 360.00)	(29 360.00)	(8 619.22)	(20 740.78)
Other	(7 061)	(9 852 494.00)	(9 038 131.00)	(6 384 765.18)	(2 653 365.82)
Total Operational Expenditure	(13 049)	(15 981 558.00)	(14 859 698.00)	(12 396 271.51)	(2 463 426.49)
Net Operational (Service) Expenditure	(12 732)	(15 412 788)	(14 227 928)	(10 844 388.42)	(3 383 539.58)

Table 225: Financial Performance: Human Resources

## 5.3 GRANTS

### 5.3.1 Grant Performance

The performance in the spending of these grants is summarised as follows:

Grant Performance						
R'000						
Description	2016/17	2017/18			2017/18 % Variance	
	Actual	Budget	Adjusted Budget	Actual	Original Budget	Adjusted Budget
<b>Capital Transfers and Grants</b>						
National Government:	98 979	121 279	123 479	115 531	6.05	7.59
Equitable Share	64 235	74 039	74 039	74 039	0.00	0.00
Local Government Financial Management Grant	1 475	1 550	1 550	1 550	0.00	0.00
Extended Public Works Program	1 869	2 232	2 232	2 232	0.00	0.00
Municipal Infrastructure Grant	23 400	33 458	25 458	27 740	17.09	-8.96
Integrated National Electrification Program	8 000	10 000	10 000	10 000	0.00	0.00
National Disaster Management Grant		10 920	10 920	10 920	0.00	0.00
Provincial Government:	81 229	57 031	57 031	48 262	15.38	15.38
CDW operational support grant	19	19	19	5	73.68	73.68
Library Services	10 490	9 833	9 833	9 796	0.38	0.38
Integrating Housing Settlement Grant	67 429	40 374	40 374	32 739	18.91	18.91

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Grant Performance						
R'000						
Description	2016/17	2017/18			2017/18 % Variance	
	Actual	Budget	Adjusted Budget	Actual	Original Budget	Adjusted Budget
Finance Management Support Grant-Mscoa	220	330	330	330	0.00	0.00
Proclaimed Roads Maintenance	2 754	1 589	1 589	1 589	0.00	0.00
Local Government Graduate Internship Grant	0	66	66	50	-15.15	-15.15
Financial Management Capacity Grant		1 570	1 570	157	90.00	90.00
LGSETA Grant	317	0	0	346	100.00	100.00
Fire Services Capacity Building Grant		1 450	1 450	1 450	0.00	0.00
Financial Management Capacity Grant-Drought		1 800	1 800	1 800	0.00	0.00
<b>Other grant providers:</b>	<b>132</b>	<b>1 000</b>	<b>0</b>	<b>2 875</b>	<b>-187.50</b>	<b>100.00</b>
Thusong Grant	100	0	0	0	0.00	0.00
Social Responsibility-Public Contribution for assets		1 000	0	2 595	-159.50	100.00
Disaster Management Grant Eden District	32	0	0	280	100.00	100.00
Sassa	0	0	0	0	0.00	0.00
<b>Total Operating Transfers and Grants</b>	<b>180 340</b>	<b>190 230</b>	<b>191 430</b>	<b>175 336</b>	<b>7.83</b>	<b>8.41</b>

Table 226: Grant Performance for 2017/18

## 5.3.2 Conditional Grants (Excluding MIG)

Conditional Grants: excluding MIG						
R'000						
Details	2016/17	2017/18			2017/18 % Variance	
	Audited Actual	Budget	Adjusted Budget	Actual	Budget	Adjusted Budget
Local Government Financial Management Grant	1 475	1 550	1 550	1 550	0.00	0.00
Integrated National Electrification Program	8 000	10 000	10 000	10 000	0.00	0.00
Extended Public Works Program	1 869	2 232	2 232	2 232	0.00	0.00
CDW operational support grant	19	19	19	5	73.68	73.68
Library Services	10 490	9 833	9 833	9 796	0.38	0.38
Integrating Housing Settlement Grant	67 429	40 374	40 374	32 739	18.91	18.91

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Conditional Grants: excluding MIG						
R'000						
Details	2016/17	2017/18			2017/18 % Variance	
	Audited Actual	Budget	Adjusted Budget	Actual	Budget	Adjusted Budget
Finance Management Support Grant	220	330	330	330	0.00	0.00
Maintenance Main Road Subsidy	2 754	1 589	1 589	1 589	0.00	0.00
Municipal Service Delivery and Capacity Building grant	700	0	0	0	0.00	0.00
Local Government Graduate Internship Grant	0	66	66	50	-15.15	-15.15
National Disaster Management Grant		10 920	10 920	10 920	0.00	0.00
Financial Management Capacity Grant		1 570	1 570	157	90.00	90.00
LGSETA Grant	317	0	0	346	100.00	100.00
Fire Services Capacity Building Grant		1 450	1 450	1 450	0.00	0.00
<b>Total</b>	<b>85 273</b>	<b>79 933</b>	<b>79 933</b>	<b>71 164</b>	<b>10.97</b>	<b>10.97</b>

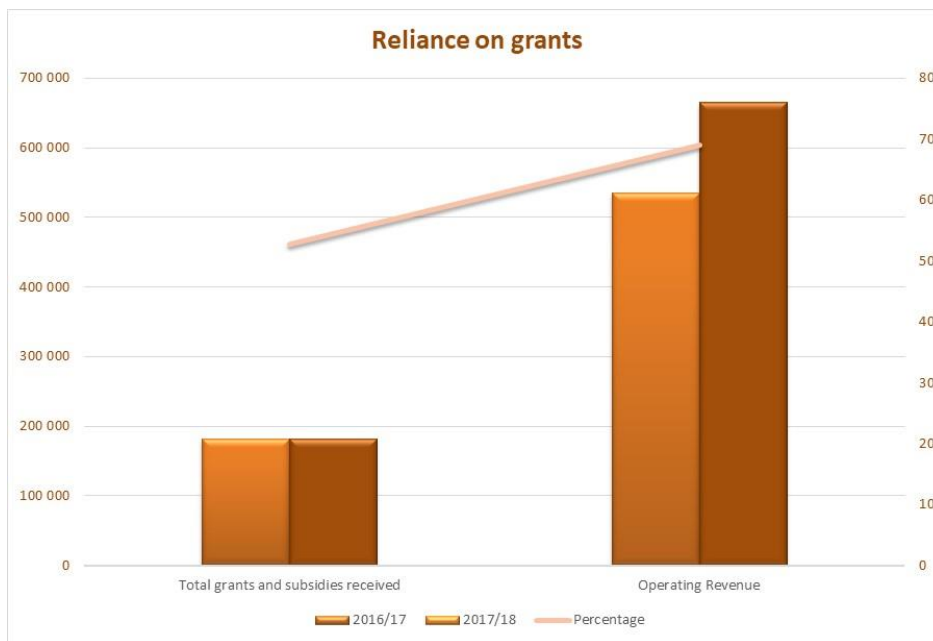
Table 227: Conditional Grant (excl. MIG)

## 5.3.3 Level of Reliance on Grants and Subsidies

Financial year	Total grants	Total	Percentage
	and subsidies received	Operating Revenue	
	R'000	R'000	
2016/17	182 168	535 140	34.04
2017/18	182 143	665 373	27.37

Table 228: Reliance on grants

The following graph indicates the municipality's reliance on grants for the last two financial years:



Graph 5.: Reliance on Grants

## 5.4 ASSET MANAGEMENT

The objectives of the asset management within the Bitou Municipality are to assist officials in understanding their legal and managerial responsibilities with regard to assets and to ensure the effective and efficient control of the Municipality's assets through:

- Proper recording of assets from authorisation to acquisition and to subsequent disposal
- Providing for safeguarding procedures
- Setting proper guidelines as to authorised utilisation
- Prescribing for proper maintenance

The key elements of the Asset Management Policy represent:

- Statutory and regulatory framework / responsibilities and accountabilities
- Financial management / internal controls / management of control items
- Management and operation of assets / classification & components
- Accounting for assets / financial disclosure

The asset management section consists of three staff members and forms part of the Expenditure & Asset Management Division within the finance directorate.

The costing module on the SAMRAS Management Information System is utilized to cost all new asset components up to completion thereof. This approach was deployed over the past year with great success.

Regular asset counts are conducted in accordance with the prescriptions of the Asset Management Policy. Information regarding asset register updates in respect of disposals, adjustments, review of useful life etc. is based on submissions by user

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departments in accordance with the procedures in place. The asset register is currently hosted on software specifically developed for this purpose

## 5.4.1 Treatment of the Three Largest Assets

Asset 1		
Name	Farm 440 Portion 105	
Description	Airport	
Asset Type	Land (General Plant)	
Key Staff Involved	Property Manager, Budget Office and Supply Chain Management Office	
Staff Responsibilities	Repairs, Maintenance, Additions and Safeguarding of Asset	
Asset Value as at 30 June 2014	2016/17 R million	2017/18 R million
	22 542	22 542
Future Purpose of Asset	Tourism and economic development	
Policies in Place to Manage Asset	Asset Management and Insurance Policies	

Table 1: Treatment of the three largest assets: Asset 1

Asset 2		
Name	Farm 456 Portion 1	
Description	Grootfontein (Golf Course)	
Asset Type	Land (General Plant)	
Key Staff Involved	Property Manager, Budget Office and Supply Chain Management Office	
Staff Responsibilities	Repairs, Maintenance, Additions and Safeguarding of Asset	
Asset Value as at 30 June 2014	2016/17 R million	2017/18 R million
	17 163	17 163
Future Purpose of Asset	Leased for Recreational purposes	
Policies in Place to Manage Asset	Asset Management and Insurance Policies	

Table 2: Treatment of the three largest assets: Asset 2

Asset 2		
Name	Erf 4117, Beacon Island (Plettenberg Bay)	
Description	Desalination Plant	
Asset Type	Land (General Plant)	
Key Staff Involved	Property Manager, Budget Office and Supply Chain Management Office	
Staff Responsibilities	Repairs, Maintenance, Additions and Safeguarding of Asset	
Asset Value as at 30 June 2014	2016/17 R million	2017/18 R million
	15 790	15 790
Future Purpose of Asset	Site on which Desalination Plant is constructed / Water Supply during peak seasons	
Policies in Place to Manage Asset	Asset Management and Insurance Policies	

Table 229: Treatment of the three largest assets: Asset



## 5.4.2 Repairs and Maintenance

Description	2016/17	2017/18			
	Actual (Audited Outcome)	Original Budget	Adjustment Budget	Actual	Budget variance
		R' 000			%
Repairs and maintenance expenditure	28 254	27 431	27 431	24 726	9.86

Table 230: Repairs & Maintenance Expenditure

Description	Basis of calculation	2016/17	2017/18
		Actual	Actual
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	5.37%	3.98%

Table 231: Repairs & Maintenance as a Percentage of Total Revenue

## 5.5 FINANCIAL RATIOS BASED ON KEY PERFORMANCE INDICATORS

### 5.5.1 Liquidity Ratio

Description	Basis of calculation	2016/17	2017/18
		Actual	Actual
Current Ratio	Current assets/current liabilities	1.78	1.67
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	1.09	0.85
Liquidity Ratio	Monetary Assets/Current Liabilities	0.04	1.07

Table 232: Liquidity Financial Ratio

### 5.5.2 IDP Regulation Financial Viability Indicators

Description	Basis of calculation	2016/17	2017/18
		Actual	Actual
Cost Coverage	(Available cash + Investments-Unspent Grants)/monthly fixed operational expenditure	24.00%	24.00%
Total Outstanding Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	13.00%	44.00%
Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)	28.00%	306.00%

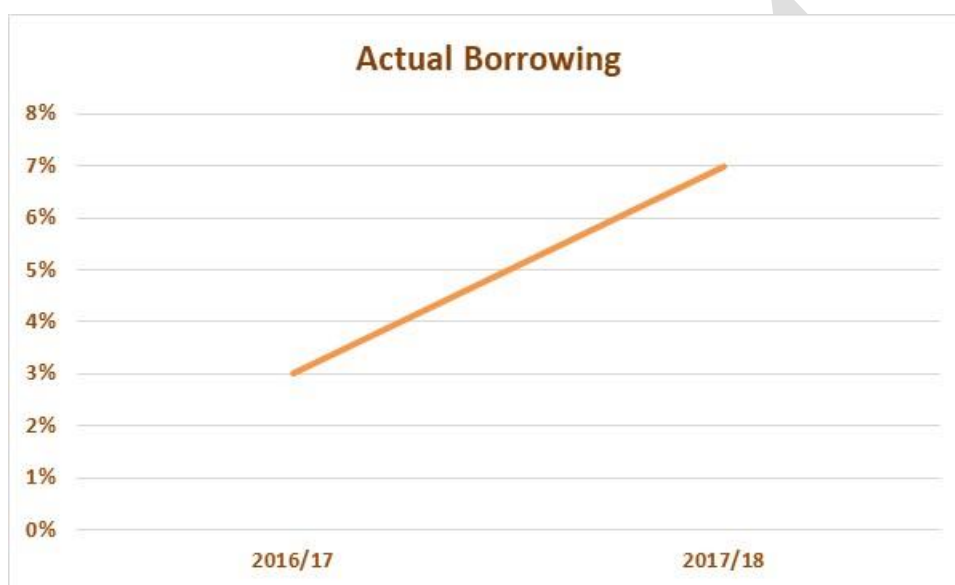
Table 233: Financial Viability National KPAs

## 5.5.3 Borrowing Management

Description	Basis of calculation	2016/17	2017/18
		Audited outcome	Pre-audit outcome
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	3.00%	7.00%

Table 234: Borrowing Management

The following graph indicates the **actual borrowing management ratio**:



Graph 6.: Actual Borrowing Ratio

## 5.5.4 Employee Costs

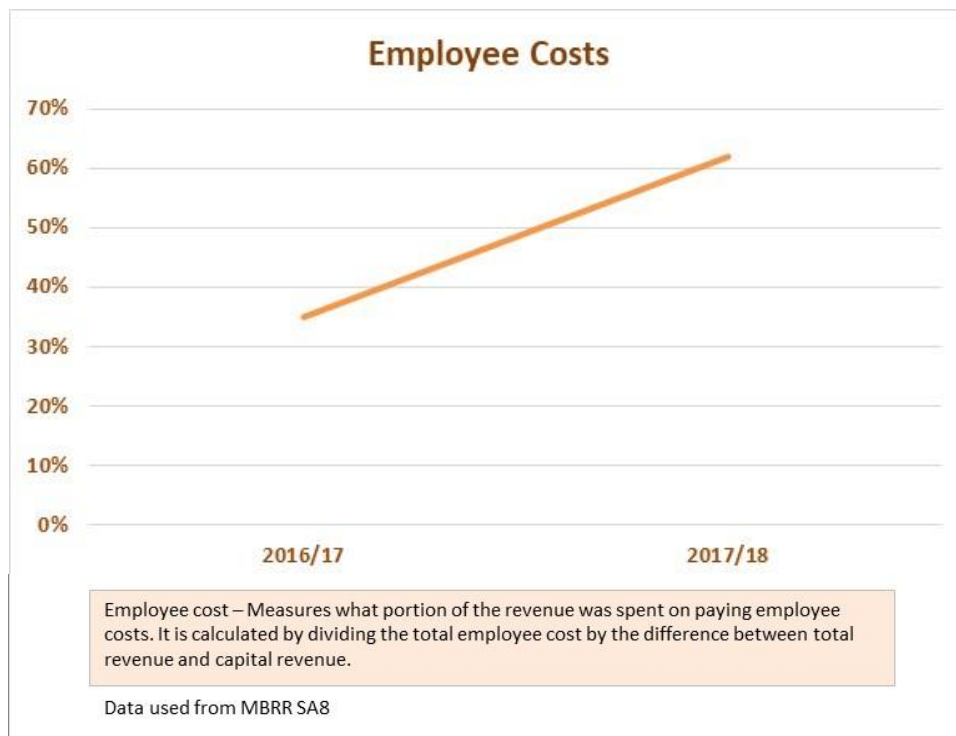
Description	Basis of calculation	2016/17	2017/18
		Audited outcome	Pre-audit outcome
Employee costs	Employee costs/(Total Revenue - capital revenue)	35.00%	62.00%

Table 235: Employee Costs

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The following graph indicates the employee costs ratio:



Graph 7.: Employee Costs

## COMPONENT B: SPENDING AGAINST CAPITAL BUDGET

### 5.6 CAPITAL EXPENDITURE BY ASSET PROGRAM

Description	2016/17	2017/18			Planned Capital expenditure		
	Audited outcome	Original Budget	Adjustment Budget	Actual Expenditure	2017/18	2018/19	2019/20
R'000							
Capital expenditure by Asset Class							
Infrastructure - Total	83 168	82 852	90 144	84 984	90 144	60 432	63 408
Infrastructure: Road transport - Total	40 427	19 618	20 388	20 818	20 388	13 904	17 083
Roads, Pavements & Bridges	230	19 618	20 388	20 818	20 388	13 904	17 083
Stormwater	40 197	0	0	0	0	0	0
Infrastructure: Electricity - Total	12 290	24 563	27 063	26 150	27 063	12 306	12 048
Power Plants	0	2 800	2 800	2 688	2 800	2 449	500
Capital Spares	0	791	791	680	791	2 200	2 200
LV Networks	0	2 470	3 470	3 243	3 470	6 957	8 348
MV Networks	0	2 200	2 200	2 301	2 200	0	0
MV Switching Station	0	5 300	6 800	6 641	6 800	200	0

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Description	2016/17	2017/18			Planned Capital expenditure		
	Audited outcome	Original Budget	Adjustment Budget	Actual Expenditure	2017/18	2018/19	2019/20
HV Substations	0	7 502	7 502	7 070	7 502	0	0
HV Switching Station	0	3 500	3 500	3 527	3 500	500	1 000
<b>Infrastructure: Water - Total</b>	<b>11 788</b>	<b>18 026</b>	<b>25 469</b>	<b>23 233</b>	<b>25 469</b>	<b>27 722</b>	<b>25 838</b>
Dams & Reservoirs	4 544	2 000	2 000	1 883	2 000	0	0
Boreholes	0	0	9 579	9 513	9 579	0	0
Reticulation	7 244	0	0	0	0	0	0
Bulk Mains	0	12 476	8 981	8 317	8 981	0	0
Distribution		1 200	1 200	513	1 200	13 320	12 037
Pump Stations	00	550	659	653	659	1 100	1 000
Reservoirs	0	1 800	3 050	2 355	3 050	0	5 000
Capital Spares	0	0	0	0	0	500	500
<b>Infrastructure: Sanitation - Total</b>	<b>12 884</b>	<b>19 646</b>	<b>16 225</b>	<b>14 573</b>	<b>16 225</b>	<b>5 500</b>	<b>7 440</b>
Reticulation	5 165	19 646	16 225	14 573	16 225	5 500	7 440
Sewerage purification	7 719	0	0	0	0	0	0
<b>Infrastructure: Other - Total</b>	<b>5 776</b>	<b>1 000</b>	<b>1 000</b>	<b>209</b>	<b>1 000</b>	<b>1 000</b>	<b>1 000</b>
Waste Management	5 776	1 000	1 000	209	1 000	1 000	1 000
Transportation	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0
<b>Community - Total</b>	<b>3 893</b>	<b>13 941</b>	<b>14 362</b>	<b>12 514</b>	<b>15 232</b>	<b>7 725</b>	<b>104 592</b>
Sports fields& stadia	2 562	0	0	0	0	0	0
Libraries	1 251	512	542	484	512	703	500
Fire, safety & emergency	80	0	0	0	200	0	0
Security and policing	0	0	0	0	0	0	0
Cemeteries	0	0	0	0	700	0	0
Other	0	13 429	13 820	12 030	13 820	7 022	4 092
<b>Other assets</b>	<b>33 804</b>	<b>10 617</b>	<b>13 052</b>	<b>8 218</b>	<b>13 052</b>	<b>12 427</b>	<b>7 867</b>
General vehicles	10 071	5 802	5 695	5 681	5 695	11 320	7 670
Specialised vehicles	0	0	0	0	0	0	0
Plant & equipment	1 893	2 067	1 607	724	1 607	0	0
Computers - hardware/equipment	978	2 085	5 055	1 487	5 055	407	197
Furniture and other office equipment	770	663	695	326	695	300	0

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Description	2016/17	2017/18			Planned Capital expenditure		
	Audited outcome	Original Budget	Adjustment Budget	Actual Expenditure	2017/18	2018/19	2019/20
Other Buildings	5 392	0	0	0	0	400	0
Other Land	14 700	0	0	0	0	0	0
<b>Intangibles</b>	<b>37</b>	<b>960</b>	<b>960</b>	<b>911</b>	<b>960</b>	<b>1 239</b>	<b>1 239</b>
Computers - software & programming	37	960	960	911	960	1 239	1 239
<b>Total Capital Expenditure on new assets</b>	<b>120 670</b>	<b>111 864</b>	<b>121 995</b>	<b>0</b>	<b>121 995</b>	<b>81 969</b>	<b>77 105</b>
<b>Specialised vehicles</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Refuse	0	0	0	0	0	0	0

Table 236: Analysis of Capital and Operating Expenditure

## 5.7 SOURCE OF FINANCE

The table below indicates the capital expenditure by funding source for the 2017/18 financial year:

Capital Expenditure: Funding Sources						
R'000						
Details	2016/17	2017/18				
	Actual	Original Budget (OB)	Adjustment Budget	Actual	Adjustment to OB Variance	Actual to OB Variance
External loans	23 633	30 174	32 457	30 314	2 283	140
Public contributions and donations	853	0	0	0	0	0
Grants and subsidies	72 738	40 309	46 036	45 756	5 727	5 447
Own funding	23 445	0	400 000	205 623	400 000	205 623
Total	120 670	70 483	478 493	281 693	408 010	211 210
Percentage of finance						
External loans	20.00%	43.00%	7.00%	11.00%		
Public contributions and donations	1.00%	0.00%	0.00%	0.00%		
Grants and subsidies	60.00%	57.00%	10.00%	16.00%		
Own funding	19.00%	0.00	83.00%	73.00%		
Capital expenditure						
Water and sanitation	25 449	23 014	28 977	26 732	5 963	3 718
Electricity	12 292	24 563	27 063	26 150	2 500	1 587



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Capital Expenditure: Funding Sources						
R'000						
Details	2016/17	2017/18				
	Actual	Original Budget (OB)	Adjustment Budget	Actual	Adjustment to OB Variance	Actual to OB Variance
Housing	18 203	0	0	0	0	0
Roads and Stormwater	39 129	19 618	22 537	20 818	2 919	1 200
Other	25 597	44 669	43 419	36 514	-1 250	-8 155
<b>Total</b>	<b>120 670</b>	<b>111 864</b>	<b>121 996</b>	<b>110 214</b>	<b>10 132</b>	<b>1 650</b>
Percentage of expenditure						
Water and sanitation	21.00%	21.00%	24.00%	24.00%		
Electricity	10.00%	22.00%	22.00%	24.00%		
Housing	15.00%	0.00%	0.00%	0.00%		
Roads and stormwater	32.00%	17.00%	18.00%	19.00%		
Other	21.00%	40.00%	36.00%	33.00%		

Table 237: Capital expenditure by Asset Program

## 5.8 CAPITAL SPENDING ON 5 LARGEST PROJECTS

Projects with the highest capital expenditure in 2017/18

Name of Project*	2017/18			% Variance	
	Original Budget	Adjustment Budget	Actual Expenditure	Original Variance	Adjustment variance
New Horizons: Upgrade Sports Facilities	4 307 017.00	6 000 000.00	5 972 777.66	139.00%	100.00%
Kranshoek : Upgrading Gravel Road	6 140 350.00	6 888 606.00	1 396 396.42	23.00%	20.00%
KPoortjies: Upgrading of Beacon Way	6 150 000.00	6 150 000.00	6 150 315.52	100.00%	100.00%
Replacement of Fleet Vehicles	4 530 000.00	4 423 470.00	4 408 938.11	97.00%	100.00%
Kwano: Upgrade Bulk Electrification	7 501 930.00	7 501 930.00	7 070 303.43	94.00%	94.00%
Projects with the highest capital expenditure in 2017/18					

Table 238: Capital Expenditure on the 5 Largest Projects

## COMPONENT C: CASH FLOW MANAGEMENT AND INVESTMENTS

Cash flow management is critical to the municipality as it enables the organisation to assess whether enough cash is available at any point in time to cover the council's commitments. Cash flow is rigorously managed and monitored on a regular basis.

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## 5.9 CASH FLOW

Cash Flow Outcomes				
R'000				
Description	2016/17	2017/18		
	Audited Outcome	Original Budget	Adjusted Budget	Actual
Cash flow from operating activities				
Receipts				
Ratepayers and other	365 270	439 013	431 116	370 142
Government - operating	77 469	130 876	131 832	141 471
Government - capital	81 805	45 480	50 080	51 017
Interest	17,183	13 568	13 568	20 292
Payments				
Suppliers and employees	(406 992)	(503 579)	(504 984)	(451 111)
Finance charges	(17 169)	(16 348)	(16 348)	(17 658)
Transfers and Grants	0	(3 401)	(3 401)	0
Net cash from/(used) operating activities	117 567	105 610	101 863	114 153
Cash flows from investing activities				
Receipts				
Proceeds on disposal of PPE	801	0	0	0
Decrease (Increase) in non-current debtors	(37)	0	0	0
Decrease (Increase) other non-current receivables	3	0	0	3
Decrease (increase) in non-current investments	(750)	0	0	(750)
Payments				
Capital assets	(120 538)	(111 864)	(121 995)	(113 062)
Net cash from/(used) investing activities	(120 520)	(111 864)	(121 995)	(116 116)
Cash flows from financing activities				
Receipts				
Movement in agreements	25 309	38 121	32 457	32 578
Payments				
Repayment of borrowing	(17 263)	(11 254)	(11 254)	(18 164)
Net cash from/(used) financing activities	8 045	26 867	21 203	14 414
Net increase/ (decrease) in cash held	5 092	20 613	1 070	14 758
Cash/cash equivalents at the year begin:	120 963	126 055	126 055	126 055
Cash/cash equivalents at the year-end:	126 055	146 668	127 126	140 813

Table 239: Cashflow

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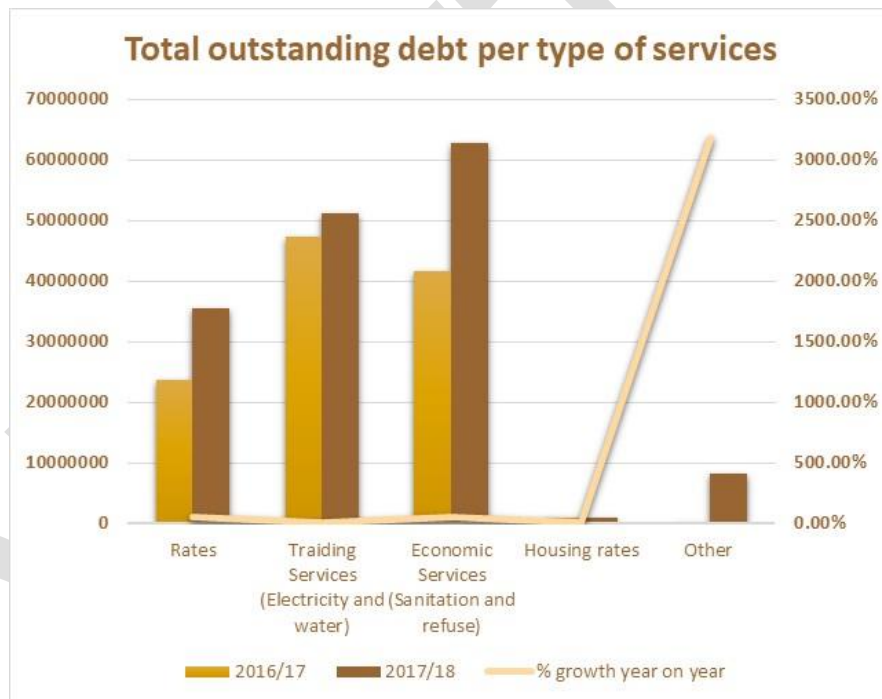


## 5.10 GROSS OUTSTANDING DEBTORS PER SERVICE

Financial year	Rates	Trading services	Economic services	Housing rentals	Other	Total
		(Electricity and Water)	(Sanitation and Refuse)			
2016/17	23 603 975	47 255 207	41 601 738	837 072	6 130 815	119 428 807
2017/18	35 476 140	51 227 967	62 741 937	899 497	8 079 946	122 949 347
Difference	11 872 165	3 972 760	21 140 199	62 425	1 949 131	3 520 540
% growth year on year	50.30%	8.40%	50.82%	7.46%	31.79%	2.95%

Table 240: Gross Outstanding Debtors per Service

The following graph indicates the total outstanding debt per type of service for 2017/18



Graph 8.: Outstanding Debtors per Service

## 5.11 TOTAL DEBTORS AGE ANALYSIS

Financial year	Less than 30 days	Between 30-60 days	Between 60-90 days	More than 90 days	Total
2016/17	22 624 692	4 784 643	4 194 047	64 221 451	95 824 832
2017/18	29 698 248	4 379 349	3 696 121	85 175 629	122 949 347
Difference	7 073 566	405 294	224 926	20 954 178	27 124 515
% growth year on year	31.26%	8.47%	5.36%	32.62%	28.31%

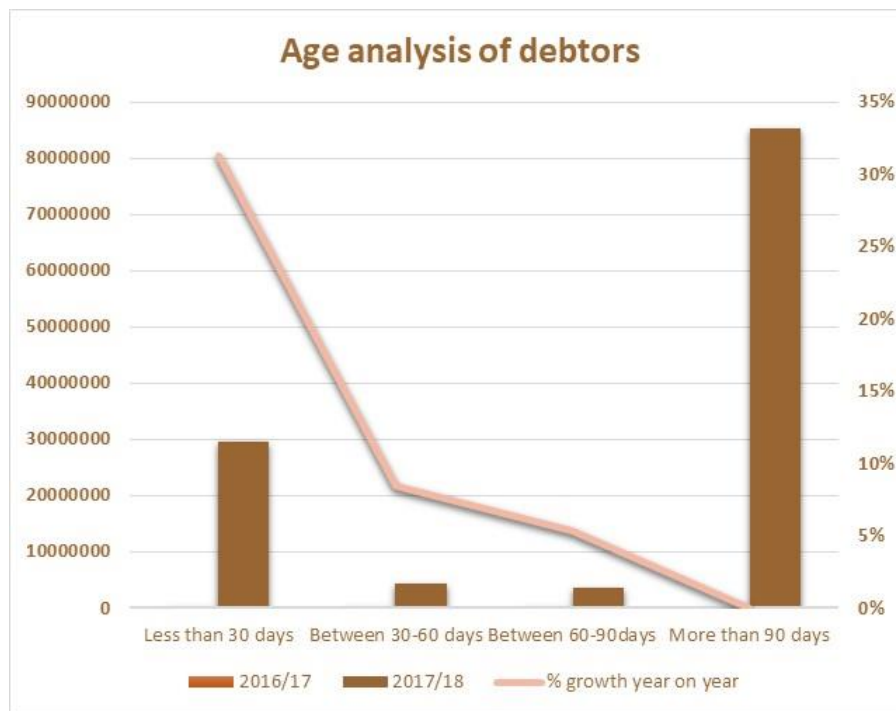
Note: Figures exclude provision for bad debt

Table 241: Service Debtor Age Analysis

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The following graph indicates the age analysis of debtors and the increase/decrease from 2016/17 to 2017/18:



Graph 9.: Total Debtors Age Analysis

## 5.12 BORROWING AND INVESTMENTS

### 5.12.1 Actual Borrowings

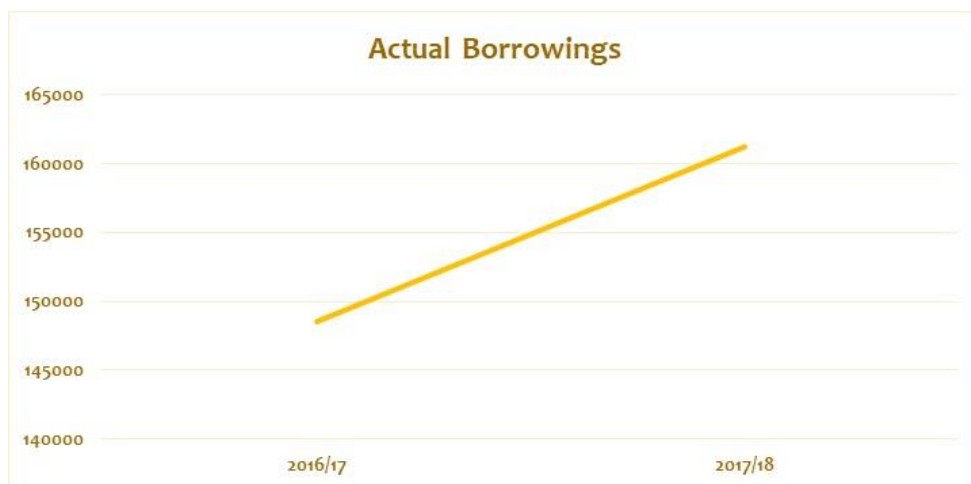
Actual Borrowings		
R' 000		
Instrument	2016/17	2017/18
Long-Term Loans (annuity/reducing balance)	146 562	161 234
Financial Leases	1 963	0
<b>Total</b>	<b>148 524</b>	<b>161 234</b>

Table 242: Actual Borrowings

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The following graph shows the municipal actual borrowings for the past two years:



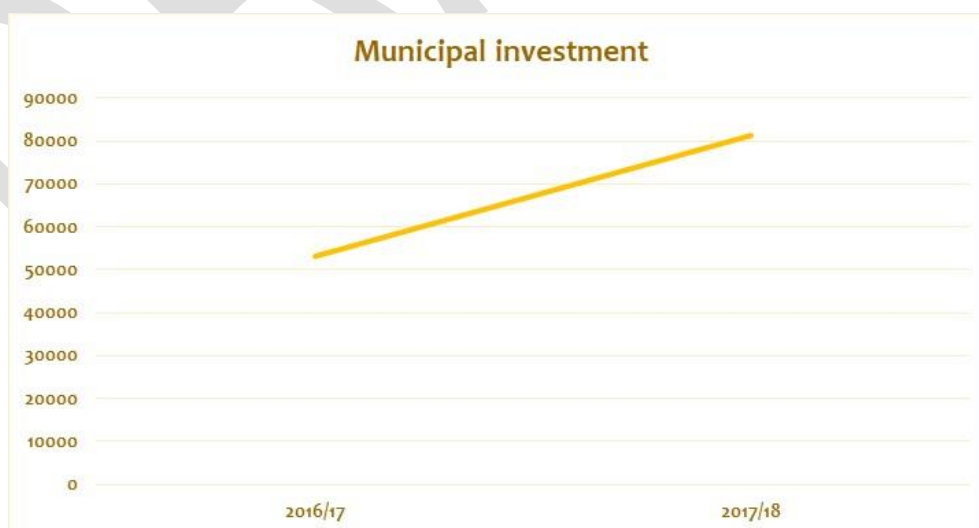
Graph 10.: Actual Borrowings

## 5.12.2 Municipal Investments

Actual Investments		
R'000		
Investment type	2016/17	2017/18
	Actual	
Deposits - Bank	53 010	81 314
<b>Total</b>	<b>53 010</b>	<b>81 314</b>

Table 243: Municipal Investments

The following graph shows the municipal actual investment growth for the past two years



Graph 11.: Municipal Investment



## CHAPTER 6: AUDITOR-GENERAL AUDIT FINDINGS

### COMPONENT A: AUDIT OUTCOMES 2016/17

#### 6.1 FINANCIAL PERFORMANCE: 2016/17

2016/17	
Audit report status	Unqualified
Main issues raised under emphasis of matter	Corrective steps implemented/ to be implemented
The municipality provided for the impairment of receivables from exchange transactions amounting to R62.9 million (2015/16: R48 million).	<ol style="list-style-type: none"> <li>1. Filing of key vacancies in the revenue section eg. Accountant: Credit Control and Accountant: Revenue Enhancement.</li> <li>2. Ensure full functioning of the Revenue Enhancement unit and also fill vacancies in this unit.</li> <li>3. Stringent and consistent implementation of Credit Control and Debt Collection Policies.</li> <li>4. Revisiting the phasing out of rebate percentages that has an effect on the affordability of residents in the sub-economic areas.</li> <li>5. Handover of outstanding debt older than 90 days, service provider has been appointed in 2018.</li> <li>6. Finalizing defended matters.</li> </ol>
The municipality provided for the impairment of receivables from non-exchange transactions amounting to R75.3 million (2015/16: R56.4 million).	<ol style="list-style-type: none"> <li>1. Filing of key vacancies in the revenue section eg. Accountant: Credit Control and Accountant: Revenue Enhancement.</li> <li>2. Ensure full functioning of the Revenue Enhancement unit and also fill vacancies in this unit.</li> <li>3. Stringent and consistent implementation of Credit Control and Debt Collection Policies.</li> <li>4. Revisiting the phasing out of rebate percentages that has an effect on the affordability of residents in the sub-economic areas.</li> <li>5. Handover of outstanding debt older than 90 days, service provider has been appointed in 2018.</li> <li>6. Finalizing defended matters.</li> </ol>

Table 244: AG Report 2016/17

#### 6.2 SERVICE DELIVERY PERFORMANCE: 2016/17

The Auditor-General in its audit report did not find any material findings on the annual performance report concerning the usefulness and reliability of the information. The Auditor-General, furthermore, did not include any matters in the audit report that have an impact on the audit findings on predetermined objectives reported.

## COMPONENT B: AUDIT OUTCOMES 2017/18

### 6.1 FINANCIAL PERFORMANCE: 2017/18

Auditor-General Report on Financial Performance 2017/18	
<b>Audit report status</b>	<b>Unqualified</b>
<b>Main issues raised under emphasis of matter</b>	<b>Corrective steps implemented/ to be implemented</b>
<b>Financial Statements</b>	
<b>Material losses/impairments</b>	
Irregular Expenditure – The municipality have failed to adhere to SCM Policy and regulations and this resulted to irregular expenditure in the 2017/2018 financial year.	<ol style="list-style-type: none"> <li>1. The municipality will implement consequences management relating to all irregular expenditure identified</li> <li>2. The SCM staff and Bid Committees will be retrained in February 2019 on the implementation of SCM</li> <li>3. The centralization of the SCM process will be fully implemented to ensure effective implementation of the SCM policy</li> <li>4. Declaration of interest will be sourced from every supplier doing business with the municipality</li> </ol>
Material Misstatements in the Annual Financial Statements	<ol style="list-style-type: none"> <li>1. The municipality have procured the CaseWare system to assist with the monthly AFS compilation process</li> <li>2. The AFS will be compiled monthly and reviewed by the CFO</li> <li>3. The AFS will be finalized on the 31<sup>st</sup> July 2019 to ensure sufficient time for review</li> </ol>

Table 245: AG Report 2017/18

### 6.2 SERVICE DELIVERY PERFORMANCE: 2017/18

The Auditor-General in its audit report did not find any material findings on the annual performance report concerning the usefulness and reliability of the information. The Auditor-General, furthermore, did not include any matters in the audit report that have an impact on the audit findings on predetermined objectives reported.

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## List of Abbreviations

AG	Auditor-General
CAPEX	Capital Expenditure
CBP	Community Based Planning
CFO	Chief Financial Officer
DPLG	Department of Provincial and Local Government
DWAF	Department of Water Affairs and Forestry
EE	Employment Equity
EPWP	Extended Public Works Programme
GAMAP	Generally Accepted Municipal Accounting Practice
GRAP	Generally Recognised Accounting Practice
HR	Human Resources
IDP	Integrated Development Plan
IFRS	International Financial Reporting Standards
IMFO	Institute for Municipal Finance Officers
KPA	Key Performance Area
KPI	Key Performance Indicator
LED	Local Economic Development
MAYCOM	Executive Mayoral Committee
MFMA	Municipal Finance Management Act (Act No. 56 of 2003)
MIG	Municipal Infrastructure Grant
MM	Municipal Manager
MMC	Member of Mayoral Committee
MSA	Municipal Systems Act No. 32 of 2000
MTECH	Medium Term Expenditure Committee
NGO	Non-governmental organisation
NT	National Treasury
OPEX	Operating expenditure
PMS	Performance Management System
PT	Provincial Treasury

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<b>SALGA</b>	South African Local Government Organisation
<b>SAMDI</b>	South African Management Development Institute
<b>SCM</b>	Supply Chain Management
<b>SDBIP</b>	Service Delivery and Budget Implementation Plan
<b>SDF</b>	Spatial Development Framework

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# **BITOU**

## **MUNICIPALITY**



**Unaudited**

**FINANCIAL STATEMENTS**

**30 JUNE 2018**

# BITOU LOCAL MUNICIPALITY

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# BITOU MUNICIPALITY

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

### GENERAL INFORMATION

#### NATURE OF BUSINESS

Bitou Municipality is a local municipality performing the functions as set out in the Constitution. (Act no 105 of 1996)  
This in effect means that the municipality provide services like water, electricity, sewerage and sanitation to the community.  
Bitou Municipality also serves as an agent to Provincial Government in providing Housing to the community.

#### COUNTRY OF ORIGIN AND LEGAL FORM

South African Category B Municipality (Local Municipality) as defined by the Municipal Structures Act. (Act no 117 of 1998)

#### JURISDICTION

The Bitou Municipality includes the following areas:

*Plettenberg Bay  
Natures Valley  
Wittedrift  
Keurbooms  
Kranshoek  
Harkerville  
Kwanokuthula*

#### MEMBERS OF THE MAYORAL COMMITTEE

Executive Mayor	<i>Councillor M.P. Lobese</i>
Deputy Executive Mayor	<i>Councillor S.E. Gcabayi</i>
Speaker	<i>Councillor E.V Wildeman</i>
Mayoral Committee Member	<i>Councillor M. M. Mbali</i>
Mayoral Committee Member	<i>Councillor L. M. Seyisi</i>

#### ORDINARY COUNCILLORS

Councillor	<i>Councillor J Kam Kam</i>
Councillor	<i>Councillor A.R. Olivier</i>
Councillor	<i>Councillor W.J. Nel</i>
Councillor	<i>Councillor N.C Jacob</i>
Councillor	<i>Councillor N.S. Ndayi</i>
Councillor	<i>Councillor AS Windvogel</i>
Councillor	<i>Councillor D Swarts</i>
Councillor	<i>Councillor X Matyila</i>

#### MUNICIPAL MANAGER

***Mr TC Ndlovu***

#### CHIEF FINANCIAL OFFICER

***Mr BV Mkhafa***

#### REGISTERED OFFICE

*Sewell Street, Plettenberg Bay, 6600  
Private Bag X 1002. Plettenberg Bay, 6600*

#### AUDITORS

*The Auditor General South Africa*

#### PRINCIPLE BANKERS

*Nedbank, Plettenberg Bay*



## **ATTORNEYS**

*Mosdall, Pama & Cox*  
*Nandi Bulabula*  
*Hutchinson*

## **RELEVANT LEGISLATION**

Municipal Finance Management Act (Act no 56 of 2003)  
Division of Revenue Act  
The Income Tax Act  
Value Added Tax Act  
Municipal Structures Act (Act no 117 of 1998)  
Municipal Systems Act (Act no 32 of 2000)  
Municipal Planning and Performance Management Regulations  
Water Services Act (Act no 108 of 1997)  
Housing Act (Act no 107 of 1997)  
Municipal Property Rates Act (Act no 6 of 2004)  
Electricity Act (Act no 41 of 1987)  
Skills Development Levies Act (Act no 9 of 1999)  
Employment Equity Act (Act no 55 of 1998)  
Unemployment Insurance Act (Act no 30 of 1966)  
Basic Conditions of Employment Act (Act no 75 of 1997)  
Supply Chain Management Regulations, 2005  
Collective Agreements  
Infrastructure Grants  
SALBC Leave Regulations

2017 / 2018

## MEMBERS OF THE BITOU LOCAL MUNICIPALITY

### WARD

- 1 Wittedrif/Kurland/Natures Valley/Keurbooms/Cowie/Uplands
- 2 Plettenberg Bay South & North
- 3 Qolweni/Bossiesgif/Pinetrees/Portion of New Horizons
- 4 Portion of New Horizons/Portion of KwaNokuthula
- 5 Kwanokuthula
- 6 Kwanokuthula
- 7 Kranshoek/Harkerville/portion of KwaNokuthula

### COUNCILLOR

*Councillor J Kam Kam*  
*Councillor D Swarts*  
*Councillor X Matyila*  
*Councillor AS Windvogel*  
*Councillor M M Mbali*  
*Councillor S E Gcabayi*  
*Councillor A R Olivier*

### PROPORTIONAL

*Councillor P.M Lobese*  
*Councillor E.V Wildeman*  
*Councillor M Seyisi*  
*Councillor N.C Jacob*  
*Councillor W.J Nel*  
*Councillor N.S Ndayi*

### APPROVAL OF FINANCIAL STATEMENTS

I am responsible for the preparation of these annual financial statements for the year ended 30 June 2018, which are set out on pages 1 to 106 in terms of Section 126 (1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality. The annual financial statements have been prepared in accordance with Generally Recognized Accounting Practice (GRAP).

I acknowledge that I am ultimately responsible for the system of internal financial control and that the system of internal control provides reasonable assurance that the financial records can be relied on.

I have reviewed the Municipality's cash flow forecast for the year ended at 30 June 2018 and is satisfied that the Municipality can continue in operational existence as a going concern for the foreseeable future.

The external auditors are responsible for reviewing and reporting on the Municipality's financial statements.

I certify that the remuneration of Councillors and in-kind benefits are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.



**Mr T Sompani**

**Acting Municipal Manager**

*29 November 2018*

**Date**

**BITOU LOCAL MUNICIPALITY**

**STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2018**

	Notes	2018 R	(Restated) 2017 R
<b>NET ASSETS AND LIABILITIES</b>			
<b>Net Assets</b>		<b>913,576,520</b>	<b>850,734,395</b>
Capital Replacement Reserve	2	48,854,892	83,000,000
Accumulated Surplus		864,721,628	767,734,395
<b>Non-Current Liabilities</b>		<b>264,863,620</b>	<b>251,361,948</b>
Long-term Borrowings	3	140,690,864	129,987,984
Employee benefits	4	99,937,286	97,630,685
Non Current Provision	5	24,235,470	23,743,279
<b>Current Liabilities</b>		<b>131,755,100</b>	<b>118,260,344</b>
Consumer Deposits	6	7,996,388	6,291,666
Current Employee benefits	7	25,564,347	22,681,908
Provisions	8	600,000	-
Trade and Other Payables from Exchange Transactions	9	74,569,535	67,719,359
Unspent Transfers and Subsidies	10	2,120,348	2,461,793
Unspent Public Contributions	11	-	272,196
Operating Lease Liability	22	361,247	297,004
Current Portion of Long-term Liabilities	3	20,543,234	18,536,418
<b>Total Net Assets and Liabilities</b>		<b>1,310,195,240</b>	<b>1,220,356,688</b>
<b>ASSETS</b>			
<b>Non-Current Assets</b>		<b>1,089,758,703</b>	<b>1,010,246,966</b>
Property, Plant and Equipment	13	1,056,056,051	948,329,212
Investment Property	14	26,619,617	55,452,825
Intangible Assets	15	186,562	316,123
Heritage Assets	16	35,193	35,193
Investments	17	6,852,559	6,102,365
Long-Term Receivables	18	8,720	11,248
<b>Current Assets</b>		<b>220,436,537</b>	<b>210,109,722</b>
Inventory	19	10,082,914	7,818,834
Trade and Other Receivables from Exchange Transactions	20	33,575,488	34,286,137
Receivables from non-exchange transactions	21	25,903,907	22,893,791
Unpaid Conditional Government Grants and Receipts	10	-	14,480,577
Operating Lease Asset	22	310,852	273,230
Taxes	12	9,746,742	4,297,914
Current Portion of Long-term Receivables	18	3,442	3,921
Cash and Cash Equivalents	23	140,813,192	126,055,319
<b>Total Assets</b>		<b>1,310,195,240</b>	<b>1,220,356,688</b>



**BITOU LOCAL MUNICIPALITY**

**STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2018**

		2018	2017
	Notes	(Actual) R	(Restated) R
<b>REVENUE</b>			
<b>Revenue from Non-exchange Transactions</b>		<b>362,131,966</b>	<b>324,866,123</b>
<b>Taxation Revenue</b>		<b>121,810,210</b>	<b>112,519,143</b>
Property taxes	24	121,810,210	112,519,143
<b>Transfer Revenue</b>		<b>178,620,260</b>	<b>182,411,857</b>
Government Grants and Subsidies-capital	25	51,016,531	81,804,891
Government Grants and Subsidies-operational		127,603,728	100,363,103
Public Contributions and Donations	26	-	149,111
Contributed Property, Plant and Equipment		-	94,753
<b>Other Revenue</b>		<b>61,701,496</b>	<b>29,935,122</b>
Fines, Penalties and Forfeits		52,036,131	29,935,122
Fines written off-recovered		7,702,196	-
Interest Earned - outstanding receivables		1,963,169	-
<b>Revenue from Exchange Transactions</b>		<b>309,420,040</b>	<b>282,863,867</b>
Service Charges	27	278,311,680	251,670,547
Rental from Fixed Assets		1,102,477	1,683,224
Interest Earned - external investments		12,303,972	10,366,703
Interest Earned - outstanding receivables		6,025,214	6,816,522
Agency Services		1,664,737	1,518,035
Operational Revenue	28	2,943,380	1,476,204
Sales of Goods and Rendering of Services	29	6,496,267	9,121,668
Licences and Permits		572,313	210,965
<b>Total Revenue</b>		<b>671,552,006</b>	<b>607,729,990</b>
<b>EXPENDITURE</b>			
Employee related costs	30	197,932,052	194,085,751
Remuneration of Councillors	31	6,038,330	5,359,837
Bad Debts Written-off	33	31,341,357	6,016,213
Depreciation and Amortisation	34	30,600,210	24,948,555
Inventory Consumed		21,493,294	13,802,345
Finance Costs	36	17,657,832	17,168,561
Bulk Purchases	37	107,091,556	104,253,188
Contracted Services	38	68,261,801	72,411,339
Transfers and Subsidies		5,775,956	8,818,667
Operating Leases		4,043,104	2,863,547
Operational Cost	39	51,961,755	38,471,385
<b>Total Expenditure</b>		<b>542,197,247</b>	<b>488,199,389</b>
<b>Operating Surplus</b>		<b>129,354,758</b>	<b>119,530,601</b>
Inventories:(Write-down)/ Reversals to Net Realisable Value		(2,919,744)	(826,148)
(Impairment Loss)/Reversal of Impairment Loss on Receivables	32	63,379,098	31,491,196
(Impairment Loss)/Reversal of Impairment Loss on Fixed Assets	35	-	187,896
(Gains/Loss) on Sale of Fixed Assets		3,790,681	1,324,764
Water Losses		2,262,599	790,459
<b>NET SURPLUS FOR THE YEAR</b>		<b>62,842,124</b>	<b>86,562,434</b>

# BITOU LOCAL MUNICIPALITY

## STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2018

	Note	Capital Replacement Reserve	Accumulated Surplus/ (Deficit)	Total
		R	R	R
<b>2016</b>				
<b>Balance at 1 JULY 2016</b>		<b>65,000,000</b>	<b>700,612,173</b>	<b>765,612,173</b>
Correction of error		-	(5,645,212)	(5,645,212)
<b>2017</b>				
<b>Restated Balance at 1 JULY 2017</b>	<b>40.02</b>	<b>65,000,000</b>	<b>694,966,961</b>	<b>759,966,961</b>
Net Surplus for the year		-	86,562,434	86,562,434
Correction of error			4,205,000	4,205,000
Transfer from CRR -capital expenditure		(24,592,417)	24,592,417	-
Transfer to CRR		42,592,417	(42,592,417)	-
<b>Restated Balance at 30 JUNE 2017</b>	<b>40.02</b>	<b>83,000,000</b>	<b>767,734,395</b>	<b>850,734,395</b>
<b>2018</b>				
Net Surplus for the year		-	62,842,124	62,842,124
Transfer from CRR-capital expenditure		(34,145,108)	34,145,108	(0)
Transfer to CRR				-
<b>Balance at 30 JUNE 2018</b>		<b>48,854,892</b>	<b>864,721,628</b>	<b>913,576,519</b>



# BITOU LOCAL MUNICIPALITY

## CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2018

	Notes	30 JUNE 2018 R	30 JUNE 2017 R
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
<b>Receipts</b>			
Ratepayers and other		370,142,098	365,270,421
Government		192,487,194	159,274,162
Interest		20,292,356	17,183,225
<b>Payments</b>			
Suppliers and employees		(451,110,998)	(406,992,199)
Finance charges	36	(17,657,832)	(17,168,561)
<b>Cash generated by operations</b>	42	<b>114,152,819</b>	<b>117,567,048</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Purchase of Property, Plant and Equipment	13	(113,062,177)	(120,537,591)
Purchase of Intangible Assets		-	(37,168)
Proceeds on Disposal of Assets		-	801,409
Decrease in non-current receivables		3,007	3,407
Increase in non-current Investments		(750,194)	(750,193)
Increase in current Investments			
<b>Net Cash from Investing Activities</b>		<b>(113,809,364)</b>	<b>(120,520,136)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Loans repaid		(18,163,856)	(17,263,328)
New loans raised		30,873,552	24,998,191
Increase in Consumer Deposits		1,704,722	310,533
<b>Net Cash from Financing Activities</b>		<b>14,414,417</b>	<b>8,045,396</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>14,757,873</b>	<b>5,092,309</b>
Cash and Cash Equivalents at the beginning of the year		126,055,319	120,963,009
Cash and Cash Equivalents at the end of the year	43	140,813,192	126,055,319
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>14,757,873</b>	<b>5,092,309</b>

**BITOU MUNICIPALITY**  
**BUDGET COMPARISONS FOR THE YEAR ENDED 30 JUNE 2018**

**BITOU LOCAL MUNICIPALITY**

		<b>ORIGINAL</b>		<b>FINAL</b>		<b>ACTUAL</b>
		<b>BUDGET</b>	<b>ADJUSTMENTS</b>	<b>BUDGET</b>	<b>ACTUAL</b>	<b>VS</b>
<b>Ref.</b>		<b>R</b>	<b>R</b>	<b>R</b>	<b>R</b>	<b>BUDGET</b>
						<b>R</b>
<b>STATEMENT OF FINANCIAL POSITION</b>						
Total current assets	C1	248,904,000	(67,809,000)	181,095,000	220,436,537	39,341,537
Total non- current assets	C2	1,133,506,000	-	1,133,506,000	1,089,758,703	(43,747,297)
Total current liabilities	C3	101,780,000	15,000,000	116,780,000	131,755,100	14,975,100
Total non- current liabilities	C4	281,520,000	-	281,520,000	264,863,620	(16,656,380)
<b>Total Net Assets</b>		<b>999,109,000</b>	<b>-82,809,000</b>	<b>916,301,000</b>	<b>913,576,520</b>	<b>(2,724,480)</b>

**STATEMENT OF FINANCIAL  
PERFORMANCE**

*Grap Reporting Framework*

**Revenue**

Property taxes		127,143,000	(4,608,333)	122,534,667	121,810,210	(724,457)
Government Grants and Subsidies- operational		130,876,000	1,066,781	131,942,781	127,603,728	(4,339,053)
Public Contributions and Donations			-	-	0	-
Fines, Penalties and Forfeits	C5	22,897,000	127,470	23,024,470	52,036,131	29,011,661
Service Charges	C6	301,599,000	(5,209,825)	296,389,175	278,311,680	(18,077,495)
Rental from Fixed Assets	C7	1,500,000	8,533,600	10,033,600	1,102,477	(8,931,123)
Interest Earned - external investments		8,502,000	(440)	8,501,560	12,303,972	3,802,412
Interest Earned - outstanding receivables		5,272,000	162,941	5,434,941	7,988,384	2,553,443
Fines written off-recovered	C8		-	-	7,702,196	7,702,196
Interest,Dividends and Rent on Land			-	-	0	-
Agency Services		1,319,000	100	1,319,100	1,664,737	345,637
Operational Revenue			1,907,420	1,907,420	2,943,380	1,035,960
Sales of Goods and Rendering of Services	C9	14,137,000	(7,117,709)	7,019,291	6,496,267	(523,024)
Contributed Assets			-	-	0	-
Licences and Permits		6,264,000	50,200	6,314,200	572,313	(5,741,887)
<b>Total Revenue</b>		<b>619,509,000</b>	<b>(5,087,795)</b>	<b>614,421,205</b>	<b>620,535,474</b>	<b>6,114,269</b>

**Expenditure**

Employee related costs	C10	209,949,000	1,914,540	211,863,540	197,932,052	(13,931,488)
Remuneration of Councillors		5,747,000	396,107	6,143,107	6,038,330	(104,777)
Bad Debts Written-off	C11		-	-	31,341,357	31,341,357
Operational Cost	C12	150,116,000	(86,465,327)	63,650,673	51,961,755	(11,688,918)
Depreciation and Amortisation		27,175,000	(345)	27,174,655	30,600,210	3,425,555
Finance Costs		16,348,000	(776,007)	15,571,993	17,657,832	2,085,839
Bulk Purchases		104,120,000	200	104,120,200	107,091,556	2,971,356
Contracted services	C13	25,074,000	66,236,078	91,310,078	68,261,801	(23,048,277)
Transfers and Subsidies		3,401,000	2,432,000	5,833,000	5,775,956	(57,044)
Inventory Consumed	C14	4,494,000	17,159,616	21,653,616	21,493,294	(160,322)
Operating Leases		4,080,000	212,179	4,292,179	4,043,104	(249,075)
<b>Total Expenditure</b>		<b>550,504,000</b>	<b>1,109,041</b>	<b>551,613,041</b>	<b>542,197,247</b>	<b>(9,415,794)</b>
<b>Operating Surplus</b>		<b>69,005,000</b>	<b>-6,196,836</b>	<b>62,808,164</b>	<b>78,338,227</b>	<b>15,530,063</b>
Inventories:(Write-down)/ Reversals to Net Realisable Value		35,100		35,100	(2,919,744)	(2,954,844)
(Impairment Loss)/Reversal of Impairment Loss on Receivables	C15	21,437,000	88	21,437,088	63,379,098	41,942,010

**BITOU MUNICIPALITY**  
**BUDGET COMPARISONS FOR THE YEAR ENDED 30 JUNE 2018**

		ORIGINAL BUDGET	ADJUSTMENTS	FINAL BUDGET	ACTUAL	ACTUAL VS BUDGET
	Ref.	R	R	R	R	R
(Impairment Loss)/Reversal of Impairment Loss on Fixed Assets		-	-	-	-	-
(Gains/Loss) on Sale of Fixed Assets		(752,000)	80	(751,920)	3,790,681	4,542,601
Water Losses					2,262,599	2,262,599
		<b>48,284,900</b>	<b>(6,197,004)</b>	<b>42,087,896</b>	<b>11,825,593</b>	<b>(30,262,303)</b>
Transfers recognised-operational		45,480,000	4,720,000	50,200,000	51,016,531	816,531
<b>Net Surplus for the year</b>		<b>93,764,900</b>	<b>(1,477,004)</b>	<b>92,287,896</b>	<b>62,842,124</b>	<b>(29,445,772)</b>

**CASH FLOW STATEMENT**

Net Cash from Operating Activities	C16	105,610,000	(3,747,000)	101,863,000	114,152,819	12,289,819
Net Cash from Investing Activities	C17	(111,864,000)	(10,131,000)	(121,995,000)	(113,809,364)	8,185,636
Net Cash from Financing Activities	C18	26,867,000	(5,664,000)	21,203,000	14,414,417	(6,788,583)
<b>Net increase/(decrease)in cash and cash equivalents</b>		<b>20,614,000</b>	<b>(19,542,000)</b>	<b>1,071,000</b>	<b>14,757,873</b>	<b>13,686,873</b>

**OPERATING EXPENDITURE BY VOTE**

Community Services		155,323,000	4,802,000	160,125,000	200,618,163	40,493,163
Corporate Services		38,208,000	(658,000)	37,550,000	30,919,797	(6,630,203)
Council		6,520,000	396,000	6,916,000	6,536,140	(379,860)
Financial Services		70,396,000	(1,470,000)	68,926,000	58,896,357	(10,029,643)
Strategic Services		29,456,000	(4,124,000)	25,332,000	27,549,422	2,217,422
Office of the Municipal Manager		30,364,000	-	30,364,000	22,476,245	(7,887,755)
Municipal Services and Infrastructure Development		241,673,000	2,200,000	243,873,000	258,731,003	14,858,003
		<b>571,940,000</b>	<b>1,146,000</b>	<b>573,086,000</b>	<b>605,727,127</b>	<b>32,641,127</b>

**CAPITAL EXPENDITURE BY VOTE**

Community Services		16,800,000	1,096,673	17,896,673	18,315,072	(418,399)
Corporate Services		270,000	960,597	1,230,597	167,988	1,062,609
Council		0	-	-	0	-
Financial Services		3,000,000	(960,000)	2,040,000	2,398,126	(358,126)
Municipal Services and Infrastructure Development	C19	89,914,000	8,990,730	98,904,730	91,792,155	7,112,575
Strategic Services		1,880,000	44,000	1,924,000	388,780	1,535,220
		<b>111,864,000</b>	<b>10,132,000</b>	<b>121,996,000</b>	<b>113,062,121</b>	<b>8,933,879</b>

*Refer to note 58 for explanations of material variances between the original budget and final budget.*

*Refer to note 59 for explanations of material variances between actual amounts and the final budget.*

*Material variances are considered as variances larger than R6 million*

## **BITOU MUNICIPALITY**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018**

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#### **1. ACCOUNTING PRINCIPLES AND POLICIES APPLIED IN THE FINANCIAL STATEMENTS**

##### **1.1. BASIS OF PREPARATION**

The financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise.

The financial statements have been prepared in accordance with the Municipal Finance Management Act (MFMA) and effective standards of Generally Recognised Accounting Practices (GRAP), including any interpretations and directives issued by the Accounting Standards Board (ASB) in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No 56 of 2003).

Accounting policies for material transactions, events or conditions not covered by the GRAP reporting framework, have been developed in accordance with paragraphs 8, 10 and 11 of GRAP 3 (Revised – March 2012) and the hierarchy approved in Directive 5 issued by the Accounting Standards Board.

A summary of the significant accounting policies, which have been consistently applied except where an exemption has been granted, are disclosed below.

Assets, liabilities, revenue and expenses have not been offset except when offsetting is permitted or required by a Standard of GRAP.

The accounting policies applied are consistent with those used to present the previous year's financial statements, unless explicitly stated otherwise. The details of any changes in accounting policies are explained in the relevant notes to the financial statements.

In terms of Directive 7: "The Application of Deemed Cost on the Adoption of Standards of GRAP" issued by the Accounting Standards Board, the Municipality applied deemed cost to Investment Property, Property, Plant and Equipment and Intangible where the acquisition cost of an asset could not be determined.

##### **1.2. PRESENTATION CURRENCY**

Amounts reflected in the financial statements are in South African Rand and at actual values. Financial values are rounded to the nearest one Rand.

##### **1.3. GOING CONCERN ASSUMPTION**

These financial statements have been prepared on a going concern basis.

##### **1.4. COMPARATIVE INFORMATION**

When the presentation or classification of items in the financial statements is amended, prior period comparative amounts are restated, unless a standard of GRAP does not require the restatements of comparative information. The nature and reason for the reclassification is disclosed. Where material accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

## **BITOU MUNICIPALITY**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018**

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#### **1.5 AMENDED DISCLOSURE POLICY**

Amendments to accounting policies are reported as and when deemed necessary based on the relevance of any such amendment to the format and presentation of the financial statements. The principal amendments to matters disclosed in the current financial statements include errors.

#### **1.6. MATERIALITY**

Material omissions or misstatements of items are material if they could, individually or collectively, influence the decision or assessments of users of the financial statements. Materiality depends on the nature or size of the omission or misstatements judged in the surrounding circumstances. The nature or size of the information item, or a combination of both, could be the determining factor. Materiality is determined as 1% of total operating expenditure. This materiality is from management's perspective and does not correlate with the auditor's materiality.

#### **1.7. PRESENTATION OF BUDGET INFORMATION**

The presentation of budget information is prepared in accordance with GRAP 24 and guidelines issued by National Treasury. The comparison of budget and actual amounts is disclosed as a separate additional financial statement, namely Statement of comparison of budget and actual amounts.

Budget information is presented on the accrual basis and is based on the same period as the actual amounts, i.e. 1 July 2017 to 30 June 2018. The budget information is therefore on a comparable basis to the actual amounts.

The comparable information includes the following:

- the approved and final budget amounts;
- actual amounts and final budget amounts;

Explanations for differences between the approved and final budget are included in the Notes to the Financial Statements.

Explanations for material differences between the final budget amounts and actual amounts are included the Notes to the Financial Statements.

The disclosure of comparative information in respect of the previous period is not required in terms of GRAP 24.

## BITOU MUNICIPALITY

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

#### 1.8. STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

GRAP 18 Segment Reporting is effective from 1 April 2015. The implementation of GRAP 18 is delayed, in terms of Directive 5, for municipalities for the 2017/18 financial year.

The following GRAP standards have been issued but are not yet effective and have not been early adopted by the Municipality:

Standard	Description	Effective Date
<b>GRAP 20 (Original – June 2011)</b>	<p><b>Related Party Disclosure</b></p> <p>The objective of this Standard is to ensure that a Municipality's financial statements contains the disclosures necessary to draw attention to the possibility that its financial position and surplus or deficit may have been affected by the existence of related parties and by transactions and outstanding balances with such parties.</p> <p>The Municipality resolved to adopt the disclosure requirements as per GRAP 20. The information is therefore included in the financial statements.</p>	<b>1 APRIL 2019</b>
<b>GRAP 32 (Original – Aug 2013)</b>	<p><b>Service Concession Arrangements: Grantor</b></p> <p>The objective of this Standard is to prescribe the accounting for service concession arrangements by the grantor and a public sector entity.</p> <p>No such transactions or events are expected in the foreseeable future.</p>	<b>1 APRIL 2019</b>
<b>IGRAP 17</b>	<p><b><u>Service Concessions Arrangements Where a Grantor Controls a Significant Residual Interest in a Asset</u></b></p> <p>This interpretation of the Standards provides guidance to the grantor where it has entered into a service concession arrangement, but only controls a significant residual interest in a service concession asset at the end of the arrangement, where the arrangement does not constitute a lease</p> <p>No such transactions or events are expected in the foreseeable future.</p>	<b>Unknown</b>
<b>GRAP 108 (Original – Sept 2013)</b>	<p><b><u>Accounting by Principles and Agents</u></b></p> <p>The objective of this Standard is to outline principles to be used by an entity to assess whether it is party to a principal-agent arrangement, and whether it is a principal or an agent in undertaking transactions in terms of such an arrangement.</p> <p>No significant impact is expected as the Municipality's current treatment is already in line with the Standards treatment.</p>	<b>1 APRIL 2019</b>



## BITOU MUNICIPALITY

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

<b>GRAP 109</b>	Accounting by Principles and Agents The objective of this Standard is to outline principles to be used by an entity to assess whether it is party to a principal-agent arrangement, and whether it is a principal or an agent in undertaking transactions in terms of such an arrangement. No significant impact is expected as the Municipality's current treatment is already in line with the Standards treatment	<b>1 APRIL 2019</b>
<b>GRAP 110</b>	Living and non-living resources The objective of this Standard is prescribing the recognition, measurement, presentation and disclosure requirements for living resources; and disclosure requirements for non-living resources. No significant impact expected as no such transactions or events are expected in the foreseeable future	<b>1 APRIL 2019</b>

These standards, amendments and interpretations is not expected to have a significant impact on the Municipality once implemented.

#### 1.9. RESERVES

##### 1.9.1 *Capital Replacement Reserve (CRR)*

In order to finance the provision of infrastructure and other items of property, plant and equipment from internal sources, amounts are transferred from the accumulated surplus/ to the CRR. The cash in the CRR can only be utilized to finance items of property, plant and equipment. The CRR is reduced and the accumulated surplus is credited by a corresponding amount when the amounts in the CRR are utilized.

#### 1.10. LEASES

##### 1.10.1 *Municipality as Lessee*

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the Municipality. Property, plant and equipment or intangible assets (excluding licensing agreements for such items as motion picture films, video recordings, plays, manuscripts, patents and copyrights) subject to finance lease agreements are initially recognised at the lower of the asset's fair value and the present value of the minimum lease payments. The corresponding liabilities are initially recognised at the inception of the lease and are measured as the sum of the minimum lease payments due in terms of the lease agreement, discounted for the effect of interest. In discounting the lease payments, the Municipality uses the interest rate that exactly discounts the lease payments and unguaranteed residual value to the fair value of the asset plus any direct costs incurred.

Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant and equipment, investment property or intangibles assets. The lease liability is reduced by the lease payments,

## BITOU MUNICIPALITY

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

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which are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred. The accounting policies relating to de-recognition of financial instruments are applied to lease payables.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are recognised on a straight-line basis over the term of the relevant lease. The difference between the straight-lined expenses and actual payments made will give rise to a liability. The Municipality recognises the aggregate benefit of incentives as a reduction of rental expense over the lease term, on a straight-line basis unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

#### **1.11. UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS**

Conditional government grants are subject to specific conditions. If these specific conditions are not met, the monies received are repayable.

Unspent conditional grants are financial liabilities that are separately reflected on the Statement of Financial Position. They represent unspent government grants, subsidies and contributions from government organs.

This liability always has to be cash-backed. The following provisions are set for the creation and utilisation of this creditor:

- Unspent conditional grants are recognised as a liability when the grant is received.
- When grant conditions are met an amount equal to the conditions met are transferred to revenue in the Statement of Financial Performance.
- The cash which backs up the creditor is invested as individual investment or part of the general investments of the Municipality until it is utilised.
- Interest earned on the investment is treated in accordance with grant conditions. If it is payable to the funder it is recorded as part of the creditor. If it is the Municipality's interest, it is recognised as interest earned in the Statement of Financial Performance.

The same accounting principles will be applied with the recognition of unspent Public Contributions.

#### **1.12. UNPAID CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS**

Unpaid conditional grants are assets in terms of the Framework that are separately reflected on the Statement of Financial Position. The asset is recognised when the Municipality has an enforceable right to receive the grant as set out in note 1.11 or if it is virtually certain that it will be received based on that grant conditions have been met. They represent unpaid government grants, subsidies and contributions from the public.

## BITOU MUNICIPALITY

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

#### **1.13. PROVISIONS**

Provisions are recognised when the Municipality has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resource embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate of the provision can be made. Provisions are reviewed at reporting date and adjusted to reflect the current best estimate of future outflows of resources. Where the effect is material, non-current provisions are discounted to their present value using a discount rate that reflects the market's current assessment of the time value of money, adjusted for risks specific to the liability.

The Municipality does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the probability of an outflow of resources embodying economic benefits or service potential is remote. A contingent asset is disclosed where an inflow of economic benefits or service potential is probable.

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision.

The amount recognised as a provision is the best estimate of the expenditure required to settle the present obligation at the reporting date.

If it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation, the provision is de-recognised.

#### **1.14. EMPLOYEE BENEFITS**

Defined contribution plans are post-employment benefit plans under which the Municipality pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

Defined benefit plans are post-employment benefit plans other than defined contribution plans.

##### **1.14.1 Post-Retirement Medical Obligations**

The Municipality provides post-retirement medical benefits by subsidizing the medical aid contributions of certain retired staff according to the rules of the medical aid funds. Council pays 60% as contribution and the remaining 40% is paid by the members. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The present value of the defined benefit liability is actuarially determined in accordance with GRAP 25 – "Employee Benefits" (using a discount rate applicable to high quality government bonds). The plan is unfunded.

These contributions are recognised in the Statement of Financial Performance when employees have rendered the service entitling them to the contribution. The liability was calculated by means of the projected unit credit actuarial valuation method. The liability in respect of current pensioners is regarded as fully accrued, and is therefore not split

## BITOU MUNICIPALITY

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

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between a past (or accrued) and future in-service element. The liability is recognised at the present value of the defined benefit obligation at the reporting date, minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly, plus any liability that may arise as a result of a minimum funding requirements. Payments made by the Municipality are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are recognised in the Statement of Financial Performance as employee benefits upon valuation.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, is recognised in the Statement of Financial Performance in the period that it occurs. These obligations are valued annually by independent qualified actuaries.

#### **1.14.2 Long Service Awards**

Long service awards are provided to employees who achieve certain pre-determined milestones of service within the Municipality. The Municipality's obligation under these plans is valued by independent qualified actuaries annually and the corresponding liability is raised. Payments are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are recognised in the Statement of Financial Performance as employee benefits upon valuation.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, is recognised in the Statement of Financial Performance in the period that it occurs. These obligations are valued annually by independent qualified actuaries.

#### **1.14.3 Provision for Staff Leave**

Liabilities for annual leave are recognised as they accrue to employees. The liability is based on the total amount of leave days due to employees at year-end and also on the total remuneration package of the employee.

Accumulating leave is carried forward and can be used in future periods if the current period's entitlement is not used in full. All unused leave will be paid out to the specific employee at the end of that employee's employment term.

Accumulated leave is vesting.

#### **1.14.4 Staff Bonuses Accrued**

Liabilities for staff bonuses are recognised as they accrue to employees. The liability at year end is based on bonus accrued at year-end for each employee.

#### **1.14.5 Pension and retirement fund obligations**

The Municipality provides retirement benefits for its employees and councillors. Defined contribution plans are post-employment benefit plans under which the Municipality pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are recognised in the Statement of Financial Performance in the year they become payable. The defined

## BITOU MUNICIPALITY

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

benefit funds, which are administered on a provincial basis, are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on a proportional basis to all participating municipalities. The contributions and lump sum payments are recognised in the Statement of Financial Performance in the year they become payable. Sufficient information is not available to use defined benefit accounting for a multi-employer plan. As a result, defined benefit plans have been accounted for as if they were defined contribution plans.

#### **1.14.6 Other Short-term Employee Benefits**

When an employee has rendered service to the Municipality during a reporting period, the Municipality recognises the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:

- as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the Municipality recognises that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

#### **1.15. BORROWING COSTS**

The Municipality recognises all borrowing costs as an expense in the period in which they are incurred.

The amount of borrowing costs that the Municipality capitalises during a period does not exceed the amount of borrowing costs it incurred during that period. The Municipality ceases the capitalisation of borrowing costs when substantially all the activities to prepare the asset for its intended use or sale are complete. Borrowing costs incurred other than on qualifying assets are recognised as an expense in the Statement of Financial Performance when incurred.

#### **1.16. PROPERTY, PLANT AND EQUIPMENT**

##### **1.16.1 Initial Recognition**

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one year. The cost of an item of property, plant and equipment is recognised as an asset if, and only if it is probable that future economic benefits or service potential associated with the item will flow to the Municipality, and the cost or fair value of the item can be measured reliably. Items of property, plant and equipment are initially recognised as assets on acquisition date and are initially recorded at cost. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the Municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

## BITOU MUNICIPALITY

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Where an asset is acquired by the Municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the assets acquired is initially measured at fair value (the cost). If the acquired item's fair value is not determinable, its deemed cost is the carrying amount of the asset(s) given up.

Major spare parts and servicing equipment qualify as property, plant and equipment when the Municipality expects to use them during more than one period. Similarly, if the major spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment.

#### 1.16.2 Subsequent Measurement – Cost Model

Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. Apart from the Landfill site, Land is not depreciated as it is deemed to have an indefinite useful life.

Where the Municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component. Subsequent expenditure incurred on an asset is capitalised when it increases the capacity or future economic benefits or service potential associated with the asset.

#### 1.16.3 Depreciation and Impairment

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The depreciation methods are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis. The annual depreciation rates are based on the following estimated useful lives:

Asset Class & Type	Expected Useful Life
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#### Infrastructure

Electricity reticulation	8-101
Refuse sites	5- 100
Roads, Pavements, Bridge,	6-100
Sewerage Purification	9-100
Water Reservoirs & reticulation	8-100



**BITOU MUNICIPALITY****NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018**

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**Community Assets**

Cemeteries	10-100
Community Halls	5-100
Libraries	5-100
Sport grounds	5-100
Parks	5-100

**Land and Buildings**

Buildings	8-100
Land	Indefinite

**Other Assets**

Office Equipment	3-30
Other Land & Buildings	10-15
Other Motor Vehicles	4-30
Plant and Equipment	5-30
Security Measures	5-30
Specialised Vehicles	8-30

**Leased Assets**

Leased Assets	3-6
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Property, plant and equipment are reviewed at each reporting date for any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The entity assesses at each reporting date whether there is any indication that the entity's expectations about the residual value and the useful life of an asset have changed since shall be reviewed at least at each the preceding reporting date. If any such indication exists, the entity revises the expected useful life and/or residual value accordingly. and, if expectations differ from previous estimates, the change(s) shall be accounted for as a change in an accounting estimate in accordance with the Standard of GRAP on Accounting Policies, Changes in Accounting Estimates and Errors.

In carrying out this assessment, the entity considers the following indicators as listed in the Standard (although this is not an exhaustive list) to determine whether the expected useful life and/or residual value has changed:

- (a) The composition of the asset changed during the reporting period, i.e. the significant components of the asset changed.
- (b) The use of the asset has changed, because of the following:

## BITOU MUNICIPALITY

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

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- The entity has changed the manner in which the asset is used.
- The entity has changed the utilisation rate of the asset.
- The entity has made a decision to dispose of the asset in a future reporting period(s) such that this decision changes the expected period over which the asset will be used.
- Technological, environmental, commercial or other changes that occurred during the reporting period that have, or will, change the use of the asset.
- Legal or similar limits placed on the use of the asset have changed.
- The asset was idle or retired from use during the reporting period.

c) The asset is approaching the end of its previously expected life.

d) Planned repairs and maintenance on, or refurbishments of, the asset and/or its significant components either being undertaken or delayed.

e) Environmental factors, e.g. increased rainfall or humidity, adverse changes in temperatures or increased exposure to pollution.

f) There is evidence that the condition of the asset improved or declined based on assessments undertaken during the reporting period. This is based on any condition assessments undertaken by the entity on its assets during the reporting period in accordance with the Asset Management Plan of the entity.

In assessing whether the condition of an asset has improved or declined, the stage of the asset's lifecycle is considered by the entity. As assets age, a certain level of deterioration is expected. It is only where a decline in the condition is above what is expected, would a thorough analysis of the impact on the useful life of the asset be required. The same applies if an asset is in a better condition than expected.

g) The asset is assessed as being impaired in accordance with the Standards of GRAP on Impairment of Cash-generating Assets and impairment of Non-cash-generating assets.

In assessing whether there is any indication that the expected residual value of an asset has changed, the entity considers whether there has been any change in the expected timing of disposal of the asset, as well as any relevant indicators included above.

The impairment recognised in the Statement of Financial Performance is the excess of the carrying value over the recoverable amount.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of impairment is recognised in the Statement of Financial Performance.

#### **1.16.4 De-recognition**

Items of property, plant and equipment are derecognised when the asset is disposed or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

#### **1.16.5 Land and buildings and Other Assets – application of deemed cost (Directive 7)**

The Municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. For Land and Buildings, the fair value as determined by a valuator was used in order to determine the deemed cost as on 1 July 2009. For Other Assets, the depreciation cost method was used to establish the deemed cost as on 1 July 2008.

#### **1.17. INTANGIBLE ASSETS**

##### **1.17.1 Initial Recognition**

An intangible asset is an identifiable non-monetary asset without physical substance.

An asset meets the identifiable criterion in the definition of an intangible asset when it:

- is separable, i.e. is capable of being separated or divided from the Municipality and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable asset or liability, regardless of whether the Municipality intends to do so; or
- arises from binding arrangements from contracts, regardless of whether those rights are transferable or separable from the Municipality or from other rights and obligations.

The Municipality recognises an intangible asset in its Statement of Financial Position only when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the Municipality and the cost or fair value of the asset can be measured reliably.

Where an intangible asset is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value is not determinable, its deemed cost is the carrying amount of the asset(s) given up.

##### **1.17.2 Subsequent Measurement – Cost Model**

Intangible assets are subsequently carried at cost less accumulated amortisation and any accumulated impairments losses. The cost of an intangible asset is amortised over the useful life where that useful life is finite. Where the useful life is indefinite, the asset is not amortised but is subject to an annual impairment test.

##### **1.17.3 Amortisation and Impairment**

Amortisation is charged so as to write off the cost or valuation of intangible assets over its estimated useful lives using the straight-line method. Amortisation of an asset begins when it is available for use, i.e. when it is in the condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are amortised separately. The estimated useful lives, residual values and amortisation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis. The annual amortisation rates are based on the following estimated useful lives:

	<u>Years</u>
Computer Software	5-10

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

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#### **1.17.4 De-recognition**

Intangible assets are derecognised when the asset is disposed or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

#### **1.17.5 Application of deemed cost (Directive 7)**

The Municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. For Intangible Assets, the depreciated replacement cost method was used to establish the deemed cost as on 1 July 2008.

### **1.18. INVESTMENT PROPERTY**

#### **1.18.1 Initial Recognition**

Investment property is recognised as an asset when and only when:

- it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the Municipality, and
- the cost or fair value of the investment property can be measured reliably.

Investment property includes property (land or a building, or part of a building, or both land and buildings held under a finance lease) held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services, or the sale of an asset in the ordinary course of operations. Property with a currently undetermined use, is also classified as investment property.

At initial recognition, the Municipality measures investment property at cost including transaction costs once it meets the definition of investment property. However, where an investment property was acquired through a non-exchange transaction (i.e. where it acquired the investment property for no or a nominal value), its cost is its fair value as at the date of acquisition. The cost of self-constructed investment property is measured at cost.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property, the Municipality accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

#### **1.18.2 Subsequent Measurement – Cost Model**

Subsequent to initial recognition, items of investment property are measured at cost less accumulated depreciation and any accumulated impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

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#### 1.18.3 Depreciation and Impairment – Cost Model

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The depreciation methods are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

The entity assesses at each reporting date whether there is any indication that the entity's expectations about the residual value and the useful life of an asset have changed since shall be reviewed at least at each the preceding reporting date. If any such indication exists, the entity revises the expected useful life and/or residual value accordingly. and, if expectations differ from previous estimates, the change(s) shall be accounted for as a change in an accounting estimate in accordance with the Standard of GRAP on Accounting Policies, Changes in Accounting Estimates and Errors.

In carrying out this assessment, the entity considers the following indicators as listed in the Standard (although this is not an exhaustive list) to determine whether the expected useful life and/or residual value has changed:

(a) The composition of the asset changed during the reporting period, i.e. the significant components of the asset changed.

(b) The use of the asset has changed, because of the following:

- The entity has changed the manner in which the asset is used.
- The entity has changed the utilisation rate of the asset.
- The entity has made a decision to dispose of the asset in a future reporting period(s) such that this decision changes the expected period over which the asset will be used.
- Technological, environmental, commercial or other changes that occurred during the reporting period that have, or will, change the use of the asset.
- Legal or similar limits placed on the use of the asset have changed.
- The asset was idle or retired from use during the reporting period.

c) The asset is approaching the end of its previously expected life.

d) Planned repairs and maintenance on, or refurbishments of, the asset and/or its significant components either being undertaken or delayed.

e) Environmental factors, e.g. increased rainfall or humidity, adverse changes in temperatures or increased exposure to pollution.

f) There is evidence that the condition of the asset improved or declined based on assessments undertaken during the reporting period. This is based on any condition assessments undertaken by the entity on its assets during the reporting period in accordance with the Asset Management Plan of the entity.

In assessing whether the condition of an asset has improved or declined, the stage of the asset's lifecycle is considered by the entity. As assets age, a certain level of deterioration is expected. It is only where a decline in the condition is above what is expected, would a

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

thorough analysis of the impact on the useful life of the asset be required. The same applies if an asset is in a better condition than expected.

g) The asset is assessed as being impaired in accordance with the Standards of GRAP on Impairment of Cash-generating Assets and impairment of Non-cash-generating assets.

In assessing whether there is any indication that the expected residual value of an asset has changed, the entity considers whether there has been any change in the expected timing of disposal of the asset, as well as any relevant indicators included above.

<u>Investment Property</u>	<u>Years</u>
Buildings	30-120

#### 1.18.4 De-recognition

Investment property is derecognised when it is disposed or when there are no further economic benefits expected from the use of the investment property. The gain or loss arising on the disposal or retirement of an item of investment property is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

#### 1.18.5 Application of deemed cost - Directive 7

The Municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. The fair value as determined by a valuator was used in order to determine the deemed cost as on 1 July 2009.

### 1.19 HERITAGE ASSETS

#### 1.19.1 Initial Recognition

A heritage asset is defined as an asset that has a cultural, environmental, historical, natural, scientific, technological or artistic significance and is held and preserved indefinitely for the benefit of present and future generations.

A heritage asset is recognised as an asset if, and only if it is probable that future economic benefits or service potential associated with the asset will flow to the Municipality, and the cost or fair value of the asset can be measured reliably.

A heritage asset that qualifies for recognition as an asset is measured at its cost. Where a heritage asset is acquired through a non-exchange transaction, its cost is deemed to be its fair value as at the date of acquisition.

#### 1.19.2 Subsequent Measurement – Cost Model

After recognition as an asset, heritage assets are carried at its cost less any accumulated impairment losses.

#### 1.19.3 Depreciation and Impairment

Heritage assets are not depreciated



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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

Heritage assets are reviewed at each reporting date for any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The impairment recognised in the Statement of Financial Performance is the excess of the carrying value over the recoverable amount.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of impairment is recognised in the Statement of Financial Performance.

#### **1.19.4 De-recognition**

Heritage assets are derecognised when it is disposed or when there are no further economic benefits expected from the use of the heritage asset. The gain or loss arising on the disposal or retirement of a heritage asset is determined as the difference between the sales proceeds and the carrying value of the heritage asset and is recognised in the Statement of Financial Performance.

#### **1.19.5 Application of deemed cost - Directive 7**

The Municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. The fair value as determined by a valuator was used in order to determine the deemed cost as on 1 July 2009.

### **1.20. IMPAIRMENT OF NON-FINANCIAL ASSETS**

#### **1.20.1 Cash-generating assets**

Cash-generating assets are assets held with the primary objective of generating a commercial return.

The Municipality assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Municipality estimates the asset's recoverable amount.

In assessing whether there is any indication that an asset may be impaired, the Municipality considers the following indications:

- (a) External sources of information
  - During the period, an asset's market value has declined significantly more than would be expected as a result of the passage of time or normal use.
  - Significant changes with an adverse effect on the Municipality have taken place during the period, or will take place in the near future, in the technological, market, economic or legal environment in which the Municipality operates or in the market to which an asset is dedicated.
  - Market interest rates or other market rates of return on investments have increased during the period, and those increases are likely to affect the discount rate used in calculating an asset's value in use and decrease the asset's recoverable amount materially.
- (b) Internal sources of information

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

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- Evidence is available of obsolescence or physical damage of an asset.
  - Significant changes with an adverse effect on the Municipality have taken place during the period, or are expected to take place in the near future, in the extent to which, or manner in which, an asset is used or is expected to be used. These changes include the asset becoming idle, plans to discontinue or restructure the operation to which an asset belongs, plans to dispose of an asset before the previously expected date, and reassessing the useful life of an asset as finite rather than indefinite.
  - Evidence is available from internal reporting that indicates that the economic performance of an asset is, or will be, worse than expected.

The re-designation of assets from a cash-generating asset to a non-cash generating asset or from a non-cash-generating asset to a cash-generating asset shall only occur when there is clear evidence that such a re-designation is appropriate. A re-designation, by itself, does not necessarily trigger an impairment test or a reversal of an impairment loss. Instead, the indication for an impairment test or a reversal of an impairment loss arises from, as a minimum, the indications listed above.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. Impairment losses are recognised in the Statement of Financial Performance in those expense categories consistent with the function of the impaired asset.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the asset is adjusted in future periods to allocate the asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Municipality estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the Statement of Financial Performance.

#### **1.20.2 Non-cash-generating assets**

Non-cash-generating assets are assets other than cash-generating assets.

The Municipality assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Municipality estimates the asset's recoverable service amount.

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

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In assessing whether there is any indication that an asset may be impaired, the Municipality considers the following indications:

(a) External sources of information

- Cessation, or near cessation, of the demand or need for services provided by the asset.
- Significant long-term changes with an adverse effect on the Municipality have taken place during the period or will take place in the near future, in the technological, legal or government policy environment in which the Municipality operates.

(b) Internal sources of information

- Evidence is available of physical damage of an asset.
- Significant long-term changes with an adverse effect on the Municipality have taken place during the period, or are expected to take place in the near future, in the extent to which, or manner in which, an asset is used or is expected to be used. These changes include the asset becoming idle, plans to discontinue or restructure the operation to which an asset belongs, or plans to dispose of an asset before the previously expected date.
- A decision to halt the construction of the asset before it is complete or in a usable condition.
- Evidence is available from internal reporting that indicates that the service performance of an asset is, or will be, significantly worse than expected.

An asset's recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use. If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. That reduction is an impairment loss is recognised in the Statement of Financial Performance.

The value in use of a non-cash-generating asset is the present value of the asset's remaining service potential. The present value of the remaining service potential of the asset is determined using any one of the following approaches, depending on the nature of the asset in question:

- *depreciation replacement cost approach* - the present value of the remaining service potential of an asset is determined as the depreciated replacement cost of the asset. The replacement cost of an asset is the cost to replace the asset's gross service potential. This cost is depreciated to reflect the asset in its used condition. An asset may be replaced either through reproduction (replication) of the existing asset or through replacement of its gross service potential. The depreciated replacement cost is measured as the reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset.
- *restoration cost approach* - the cost of restoring the service potential of an asset to its pre-impaired level. Under this approach, the present value of the remaining service potential of the asset is determined by subtracting the estimated restoration cost of the asset from the current cost of replacing the remaining service potential of the asset before impairment. The latter cost is usually determined as the depreciated reproduction or replacement cost of the asset, whichever is lower.

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

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- *service unit approach* - the present value of the remaining service potential of the asset is determined by reducing the current cost of the remaining service potential of the asset before impairment, to conform to the reduced number of service units expected from the asset in its impaired state. As in the restoration cost approach, the current cost of replacing the remaining service potential of the asset before impairment is usually determined as the depreciated reproduction or replacement cost of the asset before impairment, whichever is lower.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

An impairment loss is recognised immediately in surplus or deficit. The Municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for an asset may no longer exist or may have decreased. If any such indication exists, the Municipality estimates the recoverable service amount of that asset.

An impairment loss recognised in prior periods for an asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. If this is the case, the carrying amount of the asset is increased to its recoverable service amount. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods. Such a reversal of an impairment loss is recognised in the Statement of Financial Performance.

#### **1.21. INVENTORIES**

##### **1.21.1 Initial Recognition**

Inventories comprise of current assets held for sale, consumption or distribution during the ordinary course of business. Inventories are recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to the Municipality, and the cost of the inventories can be measured reliably. Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus non-recoverable taxes, transport costs and any other costs in bringing the inventories to their current location and condition. Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

Water inventory is being measured by multiplying the cost per kilo litre of purified water by the amount of water in storage.

Where inventory is acquired by the Municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of the item on the date acquired.

##### **1.21.2 Subsequent Measurement**

Inventories, consisting of consumable stores, raw materials, work-in-progress and finished goods, are valued at the lower of cost and net realisable value unless they are to be distributed at no or nominal charge, in which case they are measured at the lower of cost and current replacement cost. Redundant and slow-moving inventories are identified and written down. Differences arising on the valuation of inventory are recognised in the Statement of Financial Performance in the year in which they arose.

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

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The amount of any reversal of any write-down of inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The carrying amount of inventories is recognised as an expense in the period that the inventory was sold, distributed, written off or consumed, unless that cost qualifies for capitalisation to the cost of another asset.

The basis of allocating cost to inventory items is the weighted average method.

Water inventory is measured annually at the reporting date by way of dip readings and the calculated volume in the distribution network.

Fuel held for sale is measured annually at the reporting date by way of a dip reading.

Cost of land held for sale is assigned by using specific identification of their individual costs.

#### **1.22. FINANCIAL INSTRUMENTS**

Financial instruments recognised on the Statement of Financial Position include receivables (both from exchange transactions and non-exchange transactions), cash and cash equivalents, annuity loans and payables (both from exchange and non-exchange transactions) and non-current investments. The future utilization of Unspent Conditional Grants is evaluated in order to determine whether it is treated as financial instruments.

##### **1.22.1 Initial Recognition**

Financial instruments are initially recognised when the Municipality becomes a party to the contractual provisions of the instrument at fair value plus, in the case of a financial asset or financial liability not at fair value, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. If finance charges in respect of financial assets and financial liabilities are significantly different from similar charges usually obtained in an open market transaction, adjusted for the specific risks of the Municipality, such differences are immediately recognised in the period it occurs, and the unamortised portion adjusted over the period of the loan transactions.

##### **1.22.2 Subsequent Measurement**

Financial assets are categorised according to their nature as either financial assets at fair value, financial assets at amortised cost or financial assets at cost. Financial liabilities are categorised as either at fair value or financial liabilities carried at amortised cost. The subsequent measurement of financial assets and liabilities depends on this categorisation.

###### **1.22.2.1 Receivables**

Receivables are classified as financial assets at amortised cost, and are subsequently measured at amortised cost using the effective interest rate method.

For amounts due from debtors carried at amortised cost, the Municipality first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. Objective evidence of impairment includes significant

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 90 days overdue). If the Municipality determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the Statement of Financial Performance. Interest income continues to be accrued on the reduced carrying amount based on the original effective interest rate of the asset. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the municipality. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is recognised in the Statement of Financial Performance.

The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate, if material. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

#### **1.22.2.2 Payables and Annuity Loans**

Financial liabilities consist of payables and annuity loans. They are categorised as financial liabilities held at amortised cost, and are initially recognised at fair value and subsequently measured at amortised cost using an effective interest rate, which is the initial carrying amount, less repayments, plus interest.

#### **1.22.2.3 Cash and Cash Equivalents**

Cash includes cash on hand (including petty cash) and cash with banks. Cash equivalents are short-term highly liquid investments, readily convertible into known amounts of cash that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, highly liquid deposits and net of bank overdrafts. The Municipality categorises cash and cash equivalents as financial assets carried at amortised cost.

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdraft are expensed as incurred. Amounts owing in respect of bank overdrafts are categorised as financial liabilities carried at amortised cost.

#### **1.22.2.4 Non-Current Investments**

Investments which include investments in municipal entities and fixed deposits invested in registered commercial banks, are stated at amortised cost.



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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

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Where investments have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the Statement of Financial Performance in the period that the impairment is identified.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is recognised in the Statement of Financial Performance.

The carrying amounts of such investments are reduced to recognise any decline, other than a temporary decline, in the value of individual investments.

#### **1.22.3 De-recognition of Financial Instruments**

##### **1.22.3.1 Financial Assets**

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired; or
- the Municipality has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Municipality has transferred substantially all the risks and rewards of the asset, or (b) the Municipality has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Municipality has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the old asset is derecognised and a new asset is recognised to the extent of the Municipality's continuing involvement in the asset.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Municipality could be required to repay.

When continuing involvement takes the form of a written and/or purchased option (including a cash settled option or similar provision) on the transferred asset, the extent of the Municipality's continuing involvement is the amount of the transferred asset that the Municipality may repurchase, except that in the case of a written put option (including a cash settled option or similar provision) on an asset measured at fair value, the extent of the Municipality's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

##### **1.22.3.2 Financial Liabilities**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the Statement of Financial Performance.

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

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#### **1.22.4 Offsetting of Financial Instruments**

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously

#### **1.23 STATUTORY RECEIVABLES**

Statutory receivables arise from legislation, supporting regulations, or similar means and require settlement by another entity in cash or another financial asset. Statutory receivables can arise from both exchange and non-exchange transactions.

##### **1.23.1 Initial Recognition**

Statutory receivables are recognised when the related revenue is recognised or when the receivable meets the definition of an asset.

##### **1.23.2 Measurement**

The Municipality initially measures the statutory receivables at their transaction amount. The Municipality measure statutory receivables after initial recognition using the cost method. Under the cost method, the initial measurement of the receivable is changed subsequent to reflect any:

- (a) interest or other charges that may have accrued on the receivable;
- (b) impairment losses; and
- (c) amounts derecognised.

The Municipality assesses at each reporting date whether there is any indication that a statutory receivable may be impaired. If there is an indication that a statutory receivable may be impaired, the Municipality measures the impairment loss as the difference between the estimated future cash flows and the carrying amount. Where the carrying amount is higher than the estimated future cash flows, the carrying amount of the statutory receivable is reduced, through the use of an allowance account. The amount of the loss is recognised in the Statement of Financial Performance. In estimating the future cash flows, the Municipality considers both the amount and timing of the cash flows that it will receive in future. Consequently, where the effect of the time value of money is material, the Municipality discounts the estimated future cash flows using a rate that reflects the current risk free rate and any risks specific to the statutory receivable for which the future cash flow estimates have not been adjusted.

An impairment loss recognised in prior periods for a statutory receivable is revised if there has been a change in the estimates used since the last impairment loss was recognised, or to reflect the effect of discounting the estimated cash flows. Any previously recognised impairment loss is adjusted by adjusting the allowance account. The amount of any adjustment is recognised in the Statement of Financial Performance.

##### **1.23.3 Derecognition**

The Municipality derecognises a statutory receivable when:

- (a) the rights to the cash flows from the receivable are settled, expire or are waived;
- (b) the Municipality transfers to another party substantially all of the risks and rewards of ownership of the receivable; or

## BITOU MUNICIPALITY

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

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(c) the Municipality, despite having retained some significant risks and rewards of ownership of the receivable, has transferred control of the receivable to another party and the other party has the practical ability to sell the receivable in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the Municipality:

(i) derecognise the receivable; and

(ii) recognise separately any rights and obligations created or retained in the transfer.

#### **1.24. REVENUE**

##### **1.24.1 Revenue from Non-Exchange Transactions**

Revenue from non-exchange transactions refers to transactions where the Municipality received revenue from another entity without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

Grants, transfers and donations received or receivable are recognised when the resources that have been transferred, meet the criteria for recognition as an asset. A corresponding liability is recognised to the extent that the grant, transfer or donation is conditional. The liability is transferred to revenue as and when the conditions attached to the grant are met. Grants without any conditions attached are recognised as revenue when the asset is recognised.

Revenue from property rates is recognised when the legal entitlement to this revenue arises. At the time of initial recognition the full amount of revenue is recognised. If the Municipality does not enforce its obligation to collect the revenue, this would be considered as a subsequent event. Collection charges are recognised when such amounts are legally enforceable.

Penalty interest on unpaid rates is recognised on a time proportionate basis as an exchange transaction.

Fines revenue constitutes both spot fines and summonses. Fine revenue is recognised when the spot fine or summons is issued.

Revenue from public contributions and donations is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment qualifies for recognition and first becomes available for use by the Municipality. Where public contributions have been received, but the Municipality has not met the related conditions, it is recognised as an unspent public contribution (liability).

Revenue from third parties i.e. insurance payments for assets impaired, are recognised when it can be measured reliably and is not being offset against the related expenses of repairs or renewals of the impaired assets.

Contributed property, plant and equipment is recognised when such items of property, plant and equipment qualifies for recognition and become available for use by the Municipality.

## BITOU MUNICIPALITY

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

All unclaimed deposits are initially recognised as a liability until 12 months expires, when all unclaimed deposits into the Municipality's bank account may be treated as revenue. Historical patterns have indicated that minimal unidentified deposits are reclaimed after a period of twelve months. This assessment is performed annually at 30 June. Therefore the substance of these transactions indicate that even though the prescription period for unclaimed monies is legally three years, it is reasonable to recognise all unclaimed monies older than twelve months as revenue. Although unclaimed deposits are recognised as revenue after 12 months, the Municipality still keep record of these unclaimed deposits for three years in the event that a party should submit a claim after 12 months, in which case it will be expensed.

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No. 56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain.

Revenue is measured at the fair value of the consideration received or receivable.

When, as a result of a non-exchange transaction, a Municipality recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the present obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability will be recognised as revenue.

#### **1.24.2 Revenue from Exchange Transactions**

Revenue from exchange transactions refers to revenue that accrued to the Municipality directly in return for services rendered or goods sold, the value of which approximates the consideration received or receivable.

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- The Municipality has transferred to the purchaser the significant risks and rewards of ownership of the goods.
- The Municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.
- The amount of revenue can be measured reliably.
- It is probable that the economic benefits or service potential associated with the transaction will flow to the Municipality.
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

At the time of initial recognition the full amount of revenue is recognised where the Municipality has an enforceable legal obligation to collect, unless the individual collectability is considered to be improbable. If the Municipality does not successfully enforce its obligation to collect the revenue this would be considered a subsequent event.

Service charges relating to electricity and water are based on consumption and a basic charge as per Council resolution. Meters are read on a monthly basis and are recognised as revenue when invoiced. Where the Municipality was unable to take the actual month's reading of certain consumers, a provisional estimate of consumption for

## BITOU MUNICIPALITY

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

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that month will be created. . The provisional estimates of consumption are recognised as revenue when invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period.

Revenue from the sale of electricity prepaid meter cards is recognised at the point of sale. It is estimated that pre-paid electricity is consumed within 5 to 7 days after date of purchase. The pre-paid electricity sold, but not consumed yet at year-end is disclosed as under Payables from Exchange Transactions in the Statement of Financial Position.

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage, and are levied monthly based on the recorded number of refuse points per property.

Interest revenue is recognised using the effective interest rate method.

Revenue from the rental of facilities and equipment is recognised on a straight-line basis over the term of the lease agreement.

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant tariff. This includes the issuing of licences and permits.

Revenue from the sale of goods is recognised when substantially all the risks and rewards in those goods are passed to the consumer.

Revenue arising out of situations where the Municipality acts as an agent on behalf of another entity (the principal) is limited to the amount of any fee or commission payable to the municipality as compensation for executing the agreed services.

Revenue is measured at the fair value of the consideration received or receivable.

The amount of revenue arising on a transaction is usually determined by agreement between the Municipality and the purchaser or user of the asset or service. It is measured at the fair value of the consideration received or receivable taking into account the amount of any trade discounts and volume rebates allowed by the Municipality.

In most cases, the consideration is in the form of cash or cash equivalents and the amount of revenue is the amount of cash or cash equivalents received or receivable. However, when the inflow of cash or cash equivalents is deferred, the fair value of the consideration may be less than the nominal amount of cash received or receivable. When the arrangement effectively constitutes a financing transaction, the fair value of the consideration is determined by discounting all future receipts using an imputed rate of interest. The imputed rate of interest is the more clearly determinable of either:

- The prevailing rate for a similar instrument of an issuer with a similar credit rating;
- A rate of interest that discounts the nominal amount of the instrument to the current cash sales price of the goods or services.

The difference between the fair value and the nominal amount of the consideration is recognised as interest revenue.

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

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When goods or services are exchanged or swapped for goods or services which are of a similar nature and value, the exchange is not regarded as a transaction that generates revenue. When goods are sold or services are rendered in exchange for dissimilar goods or services, the exchange is regarded as a transaction that generates revenue. The revenue is measured at the fair value of the goods or services received, adjusted by the amount of any cash or cash equivalents transferred. When the fair value of the goods or services received cannot be measured reliably, the revenue is measured at the fair value of the goods or services given up, adjusted by the amount of any cash or cash equivalents transferred.

#### 1.25 TRANSFER OF FUNCTION (Municipality as the acquirer)

A function is an integrated set of activities that is capable of being conducted and managed for purposes of achieving a Municipality's objectives, either by providing economic benefits or service potential.

A transfer of functions is the reorganisation and/or the re-allocation of functions between Municipalities by transferring functions between Municipalities or into another entity.

An asset is identifiable if it either:

- is separable, i.e. is capable of being separated or divided from the Municipality and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, asset or liability; or
- arises from contractual rights (including rights arising from binding arrangements) or other legal rights (excluding rights granted by statute), regardless of whether those rights are transferable or separable from the Municipality or from other rights and obligations.

The Municipality accounts for each transfer of functions between entities not under common control by applying the acquisition method. Applying the acquisition method requires:

- (a) identifying the acquirer (Municipality);
- (b) determining the acquisition date;
- (c) recognising and measuring the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree; and
- (d) recognising the difference between (c) and the consideration transferred to the seller.

As of the acquisition date, the Municipality recognises the identifiable assets acquired and the liabilities assumed. The identifiable assets acquired and liabilities assumed meets the definitions of assets and liabilities in the *Framework for the Preparation and Presentation of Financial Statements* and the recognition criteria in the applicable Standards of GRAP at the acquisition date. In addition, the identifiable assets acquired and liabilities assumed are part of what the Municipality and the acquiree (or its former owners) agreed in the binding arrangement.

The Municipality measures the identifiable assets acquired and the liabilities assumed at their acquisition-date fair values.



## BITOU MUNICIPALITY

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

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The Municipality subsequently measures and account for assets acquired and liabilities assumed in accordance with other applicable Standards of GRAP.

#### 1.26 RELATED PARTIES

The Municipality resolved to adopt the disclosure requirements as per GRAP 20 – “Related Party Disclosures”.

A related party is a person or an entity:

- with the ability to control or jointly control the other party,
- or exercise significant influence over the other party, or vice versa,
- or an entity that is subject to common control, or joint control.

The following are regarded as related parties of the Municipality:

- (a) A person or a close member of that person's family is related to the Municipality if that person:
  - has control or joint control over the Municipality.
  - has significant influence over the Municipalities. Significant influence is the power to participate in the financial and operating policy decisions of the Municipality.
  - is a member of the management of the Municipality or its controlling entity.
- (b) An entity is related to the Municipality if any of the following conditions apply:
  - the entity is a member of the same economic entity (which means that each controlling entity, controlled entity and fellow controlled entity is related to the others).
  - one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of an economic entity of which the other entity is a member).
  - both entities are joint ventures of the same third party.
  - one entity is a joint venture of a third entity and the other entity is an associate of the third entity.
  - the entity is a post-employment benefit plan for the benefit of employees of either the Municipality or an entity related to the Municipality. If the reporting entity is itself such a plan, the sponsoring employers are related to the entity.
  - the entity is controlled or jointly controlled by a person identified in (a).
  - a person identified in (a) has significant influence over that entity or is a member of the management of that entity (or its controlling entity).

Close members of the family of a person are those family members who may be expected to influence, or be influenced by that person in their dealings with the Municipality. A person is considered to be a close member of the family of another person if they:

- (a) are married or live together in a relationship similar to a marriage; or
- (b) are separated by no more than two degrees of natural or legal consanguinity or affinity.

## BITOU MUNICIPALITY

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

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Management (formerly known as "Key Management") includes all persons having the authority and responsibility for planning, directing and controlling the activities of the Municipality, including:

- (a) all members of the governing body of the Municipality;
- (b) a member of the governing body of an economic entity who has the authority and responsibility for planning, directing and controlling the activities of the Municipality;
- (c) any key advisors of a member, or sub-committees, of the governing body who has the authority and responsibility for planning, directing and controlling the activities of the Municipality; and
- (d) the senior management team of the Municipality, including the chief executive officer or permanent head of the Municipality, unless already included in (a).

Management personnel include:

- (a) All directors or members of the governing body of the Municipality, being the Executive Mayor, Deputy Mayor, Speaker and members of the Mayoral Committee.
- (b) Other persons having the authority and responsibility for planning, directing and controlling the activities of the reporting Municipality being the Municipal Manager, Chief Financial Officer and all other managers reporting directly to the Municipal Manager or as designated by the Municipal Manager.

Remuneration of management includes remuneration derived for services provided to the Municipality in their capacity as members of the management team or employees. Benefits derived directly or indirectly from the Municipality for services in any capacity other than as an employee or a member of management do not meet the definition of remuneration. Remuneration of management excludes any consideration provided solely as a reimbursement for expenditure incurred by those persons for the benefit of the Municipality.

The Municipality operates in an economic environment currently dominated by entities directly or indirectly owned by the South African government. As a result of the Constitutional independence of all three spheres of government in South Africa, only parties within the same sphere of government will be considered to be related parties. Only transactions with such parties which are not at arm's length and not on normal commercial terms are disclosed.

#### **1.27. UNAUTHORISED EXPENDITURE**

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in a form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No. 56 of 2003). Unauthorised expenditure is accounted for as an expense (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

#### **1.28. IRREGULAR EXPENDITURE**

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No. 56 of 2003), the Municipal Systems Act (Act No. 32 of 2000), the Public Office Bearers Act, and (Act. No. 20 of 1998) or is in contravention of the Municipality's Supply Chain Management Policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure

## BITOU MUNICIPALITY

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

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(measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

#### **1.29. FRUITLESS AND WASTEFUL EXPENDITURE**

Fruitless and wasteful expenditure is expenditure that was made in vain and could have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

#### **1.30. CONTINGENT LIABILITIES AND CONTINGENT ASSETS**

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Municipality. A contingent liability could also be a present obligation that arises from past events, but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to the obligation or the amount of the obligation cannot be measured with sufficient reliability.

The Municipality does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the probability of an outflow of resources embodying economic benefits or service potential is remote. A contingent asset is disclosed where the inflow of economic benefits or service potential is probable.

Management judgement is required when recognising and measuring contingent liabilities.

#### **1.31. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES**

In the process of applying the Municipality's accounting policy, management has made the following significant accounting judgements, estimates and assumptions, which have the most significant effect on the amounts recognised in the financial statements:

##### **1.31.1 Post-retirement medical obligations and, Long service awards**

The cost of post-retirement medical obligations and long service awards are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Major assumptions used are disclosed in note 4 of the financial statements. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

##### **1.31.2 Impairment of Receivables**

The calculation in respect of the impairment of debtors is based on an assessment of the extent to which debtors have defaulted on payments already due, and an assessment of their ability to make payments based on their creditworthiness. This was performed per service-identifiable categories across all classes of debtors.

## BITOU MUNICIPALITY

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

#### 1.31.3 Property, Plant and Equipment

The useful lives of property, plant and equipment are based on management's estimation. Infrastructure's useful lives are based on technical estimates of the practical useful lives for the different infrastructure types, given engineering technical knowledge of the infrastructure types and service requirements. For other assets and buildings management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate. The estimation of residual values of assets is also based on management's judgement whether the assets will be sold or used to the end of their useful lives, and in what condition they will be at that time.

Management referred to the following when making assumptions regarding useful lives and residual values of property, plant and equipment.

- The useful life of movable assets was determined using the age of similar assets available for sale in the active market. Discussions with people within the specific industry were also held to determine useful lives.
- Local Government Industry Guides was used to assist with the deemed cost and useful life of infrastructure assets.
- The Municipality referred to buildings in other municipal areas to determine the useful life of buildings. The Municipality also consulted with engineers to support the useful life of buildings, with specific reference to the structural design of buildings.

For deemed cost applied to other assets as per adoption of Directive 7, management used the depreciation cost method which was based on assumptions about the remaining duration of the assets.

The cost for depreciated replacement cost was determined by using either one of the following:

- cost of items with a similar nature currently in the Municipality's asset register;
- cost of items with a similar nature in other municipalities' asset registers, given that the other municipality has the same geographical setting as the Municipality and that the other municipality's asset register is considered to be accurate;
- cost as supplied by suppliers.

For deemed cost applied to land and buildings as per adoption of Directive 7, management made use of an independent valuator. The valuator's valuation was based on assumptions about the market's buying and selling trends and the remaining duration of the assets.

#### 1.31.4 Intangible Assets

The useful lives of intangible assets are based on management's estimation. Management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate.

Reference was made to intangibles used within the Municipality and other municipalities to determine the useful life of the assets.

## BITOU MUNICIPALITY

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

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For deemed cost applied to intangible assets as per adoption of Directive 7, management used the depreciation cost method which was based on assumptions about the remaining duration of the assets.

#### **1.31.5 Investment Property**

The useful lives of investment property are based on management's estimation. Management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate. The estimation of residual values of assets is also based on management's judgement whether the assets will be sold or used to the end of their economic lives, and in what condition they will be at that time.

Management referred to the following when making assumptions regarding useful lives and valuation of investment property:

- The Municipality referred to buildings in other municipal areas to determine the useful life of buildings.
- The Municipality also consulted with professional engineers and qualified valuers to support the useful life of buildings.

For deemed cost applied to Investment Property as per adoption of Directive 7, management made use of an independent valuator. The valuator's valuation was based on assumptions about the market's buying and selling trends and the remaining duration of the assets.

#### **1.31.6 Provisions and Contingent Liabilities**

Management judgement is required when recognising and measuring provisions and when measuring contingent liabilities. Provisions are discounted where the time value effect is material.

#### **1.31.7 Revenue Recognition**

Accounting Policy 1.24.2 on Revenue from Non-Exchange Transactions and Accounting Policy 1.24.1 on Revenue from Exchange Transactions describes the conditions under which revenue will be recognised by management of the Municipality.

In making their judgement, management considered the detailed criteria for the recognition of revenue as set out in GRAP 9: Revenue from Exchange Transactions and GRAP 23: Revenue from Non-Exchange Transactions. Specifically, whether the Municipality, when goods are sold, had transferred to the buyer the significant risks and rewards of ownership of the goods and when services are rendered, whether the service has been performed. Revenue from the issuing of spot fines and summonses have been recognised on the accrual basis using estimates of future collections based on the actual results of prior periods. The management of the Municipality is satisfied that recognition of the revenue in the current year is appropriate.

#### **1.31.8 Provision for Landfill Sites**

The provision for rehabilitation of the landfill site is recognised as and when the environmental liability arises. The provision is calculated by a qualified environmental engineer. The provision represents the net present value at the reporting date of the expected future cash flows to rehabilitate the landfill site. To the extent that the

## BITOU MUNICIPALITY

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

obligations relate to an asset, it is capitalised as part of the cost of those assets. Any subsequent changes to an obligation that did not relate to the initial related asset are recognised in the Statement of Financial Performance.

Management referred to the following when making assumptions regarding provisions:

- Professional engineers were utilised to determine the cost of rehabilitation of landfill sites as well as the remaining useful life of each specific landfill site.
- Interest rates (investment rate) linked to prime was used to calculate the effect of time value of money.

#### **1.31.9 Provision for Staff leave**

Staff leave is accrued to employees according to collective agreements. Provision is made for the full cost of accrued leave at reporting date. This provision will be realised as employees take leave or when employment is terminated.

#### **1.31.10 Pre-paid electricity estimation**

Pre-paid electricity is only recognised as income once the electricity is consumed. The pre-paid electricity balance (included under payables) represents the best estimate of electricity sold at year-end that is still unused. The actual pre-paid electricity sold per day for the last 5 days during the year under review is used as the estimate for calculating unused units

#### **1.31.11 Componentisation of Infrastructure assets**

All infrastructure assets are unbundled into their significant components in order to depreciate all major components over the expected useful lives. The cost of each component is estimated based on the current market price of each component, depreciated for age and condition and recalculated to cost at the acquisition date if known or to the date of initially adopting the standards of GRAP.

#### **1.31.12 Provision for Clearing of Alien Vegetation**

The Economic entity has an obligation to clear alien vegetation. The provision represents the present cost to clear the alien vegetation. This was based on the current clearing cost per hectare and the total size of the land to be cleared.

#### **1.32. TAXES – VALUE ADDED TAX**

Revenue, expenses and assets are recognised net of the amounts of value added tax. The net amount of Value Added Tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

#### **1.33. CAPITAL COMMITMENTS**

Capital commitments disclosed in the financial statements represents the contractual balance committed to capital projects on reporting date that will be incurred in the period subsequent to the specific reporting date.



## BITOU MUNICIPALITY

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

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#### 1.34. EVENTS AFTER REPORTING DATE

Events after the reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those that is indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

If non-adjusting events after the reporting date are material, the Municipality discloses the nature and an estimate of the financial effect.

#### 1.35. TAXATION

##### 1.35.1 Current tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax liabilities/(assets) for the current and prior periods are measured at the amount expected to be paid to/(recovered from) the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the reporting date.

##### 1.35.2 Deferred tax assets and liabilities

Deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. A deferred tax asset is not recognised when it arises from the initial recognition of an asset or liability in a transaction at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for the carry forward of unused tax losses and unused STC credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused STC credits can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the reporting date.

##### 1.35.3 Tax expenses

Current and deferred taxes are recognised as income or an expense and included in surplus/deficit for the period.

Current tax and deferred taxes are charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or a different period, directly to equity

<b>2</b>	<b>NET ASSET RESERVES</b>	<b>2018</b>	<b>2017</b>
	Capital Replacement Reserve	<b>R</b> 48,854,892	<b>R</b> 83,000,000
		<b>48,854,892</b>	<b>83,000,000</b>
<b>3</b>	<b>LONG-TERM LIABILITIES</b>		
	Annuity Loans - At amortised cost	161,234,098	146,561,700
	Capitalised Lease Liability - At amortised cost	0	1,962,703
		<b>161,234,098</b>	<b>148,524,403</b>
	Current Portion transferred to Current Liabilities	<b>(20,543,234)</b>	<b>(18,536,418)</b>
	Annuity Loans - At amortised cost	(20,543,234)	(16,573,715)
	Capitalised Lease Liability - At amortised cost	-	(1,962,703)
	<b>Total Long-term Liabilities - At amortised cost using the effective interest rate method</b>	<b>140,690,864</b>	<b>129,987,984</b>

For detail of the carrying amounts of the loans - see Appendix A

Refer below for maturity dates of long term liabilities:

The obligations under annuity loans are scheduled below:

Amounts payable under annuity loans:

		<b>Minimum</b>	
		<b>annuity payments</b>	
Payable within one year	37,286,792	32,002,256	
Payable within two to five years	145,546,802	115,302,279	
Payable after five years	56,082,321	74,537,041	
	<b>238,915,915</b>	<b>221,841,576</b>	
<b>Less:</b> Future finance obligations	<b>(77,681,816)</b>	<b>(75,279,876)</b>	
<b>Present value of annuity obligations</b>	<b>161,234,098</b>	<b>146,561,700</b>	

#### Development Bank Loans

Various structured loans have been taken up with DBSA, with an original value totalling R75.3m. All the loans are paid 6 monthly on a "Fixed capital plus interest" basis which varies between 15-20 year periods with maturity dates ranging from 31/12/2019 - 30/06/2029 respectively. Interest rates applicable on all loans vary from 10.64% to 16% . Apart from the below mentioned loan all other loans are unsecured.

A non current investment to establish a Sinking Fund, amounted to R 5, 244 million has been invested with Nedbank to serve as a contractual collateral on loans (loan WC 13665 and WC 100225) from Development Bank of Southern Africa

#### Standard Bank

Nine loans originally amounting to a total of R99,89 million had been taken up from Standard bank. These loans will be paid back 6 monthly on a "fixed capital plus interest" basis over a period which varies between 5 and 10 years, with maturity dates from 30/06/2018 to 30/06/2025 respectively. Interest rates applicable to these loans varying between 10.00% and 11.45% respectively. The loans are unsecured.

#### Nedbank

An existing loan of R10 million and a new loan amounting to R30.874 million have been taken up from NEDBANK. The loans will be paid monthly on equal instalments, based on fixed interest rates of 11.81% and 10.54% respectively over 10 year periods. The loans matures on 30/06/2025 and 30/06/2028. The loans are unsecured.

#### Absa

An existing loan of R20 million and a new loan amounting to R24. 998 million have been taken up from ABSA. The loans will be paid 6 monthly on equal instalments based on a fixed interest rate over a ten year period with maturity date of 30/06/2026 and 30/06/2027 respectively. Interest rates applicable to these loans varying between 10.04% and 10.36% respectively. The loans are unsecured.

The fair value of Long- Term Liabilities was determined after considering the standard terms and conditions of agreements entered into between the municipality and the relevant financing institutions.

The obligations under finance leases are scheduled below:

Amounts payable under finance leases:

Payable within one year		2,065,160	
Payable within two to five years			
Payable after five years			
	-	2,065,160	
<b>Less:</b> Future finance obligations		(102,457)	
<b>Present value of lease obligations</b>	-	<b>1,962,704</b>	

Leases were secured by property, plant and equipment - Note 13

The municipality has entered into lease agreements with Avis for motor vehicle rentals. The rental periods were for 36 months, starting 1 July 2015. Rental instalments were payable monthly. No escalation is applicable.

**EMPLOYEE BENEFITS**

Post Retirement Benefits - Refer to Note 4.1

Long Service Awards - Refer to Note 4.2

**Total Non-current Employee Benefit Liabilities****2018  
R****2017  
R**

94,770,719

92,364,644

5,166,567

5,266,040

**99,937,286****97,630,684****Post Retirement Benefits**

Balance 1 July

93,770,447

87,764,161

Contribution for the year

18,963,554

15,778,438

Expenditure for the year

(1,351,747)

(1,310,493)

Actuarial Loss/(Gain)

(15,181,259)

(8,461,659)

**Total post retirement benefits 30 June****96,200,994****93,770,447****Less:** Transfer of Current Portion - Note 7

(1,430,275)

(1,405,802)

**Balance 30 June****94,770,719****92,364,644****Long Service Awards**

Balance 1 July.

6,065,154

3,378,046

Contribution for the year.

1,149,593

664,360

Expenditure for the year.

(863,138)

(373,447)

Actuarial Loss/(Gain)

221,346

2,396,195

**Total long service 30 June****6,572,956****6,065,154****Less:** Transfer of Current Portion - Note 7

(1,406,389)

(799,114)

**Balance 30 June****5,166,567****5,266,040****TOTAL NON-CURRENT EMPLOYEE BENEFITS**

Balance 1 July

99,835,601

91,142,207

Contribution for the year

20,113,147

16,442,798

Expenditure for the year

(2,214,885)

(1,683,940)

Actuarial Gain/(Loss)

(14,959,913)

(6,065,464)

**Total employee benefits 30 June****102,773,950****99,835,601****Less:** Transfer of Current Portion - Note 7

(2,836,664)

(2,204,916)

**Balance 30 June****99,937,286****97,630,685****4.1 Post Retirement Benefits**

The Post Retirement Benefit Plan is a defined benefit plan, of which the members are made up as follows:

In-service (employee) members

477

467

In-service (employee)- non members

33

47

Continuation members (e.g. Retirees, widows, orphans)

35

36

**Total Members****545****550**

The liability in respect of past service has been estimated to be as follows:

In-service members

77,084,170

72,511,038

In -service non-members

2,579,704

3,009,265

Continuation members

16,537,120

18,250,143

**Total Liability-unfunded****96,200,994****93,770,446**

The liability in respect of periods commencing prior to the comparative year has been estimated as follows:

**2016  
R****2015  
R****2014  
R**

In-service members

68,218,893

64,884,127

55,890,289

In -service non-members

2,450,618

-

-

Continuation members

17,094,650

16,180,839

15,203,669

**Total Liability****87,764,161****81,064,966****71,093,958**

	<b>2018 (Rm)</b>	<b>2017 (Rm)</b>	<b>2016 (Rm)</b>	<b>2015 (Rm)</b>
Experience adjustments were calculated as follows				
Liabilities (Gain)/loss	-6.577	4.979	-5.316	-0.912

The municipality makes monthly contributions for health care arrangements to the following medical aid schemes:

Bonita's;

LA Health

Samwu

Keyhealth.

Hosmed

# **EMPLOYEE BENEFITS (CONTINUE)**

Key actuarial assumptions used:

## **i) Rate of interest**

	2018 %	2017 %
Discount rate	9.78	9.99
Health Care Cost Inflation Rate	7.51	8.27
Net Effective Discount Rate	2.11	1.59

The discount rate used is a composite of all government bonds and is calculated using a technique known as "bootstrapping"

## **ii) Mortality rates**

The PA 90 ultimate table, rated down by 1 year of age was used by the actuaries .  
The SA 85-90 table was used by the actuaries for current employees

## **iii) Normal retirement age**

It has been assumed that in-service members will retire at an average age of 57, which then implicitly allows for expected rates of early and ill-health retirement.

**The amount recognised in the Statement of Financial Position is as follow:**

	2018 R	2017 R
Present value of fund obligations	96,200,994	93,770,447
<b>Net liability-unfunded</b>	<b>96,200,994</b>	<b>93,770,447</b>

**Reconciliation of present value of fund obligation:**

Present value of fund obligation at the beginning of the year	93,770,447	87,764,161
Total expenses	17,611,807	14,467,945
Current Service Cost (Included in Employee Cost in the Statement of Financial Performance)	9,660,278	7,696,513
Interest Cost (Included in Employee Cost in the Statement of Financial Performance)	9,303,276	8,081,925
Benefits Paid	(1,351,747)	(1,310,493)
Actuarial Gain/(Losses) (Included in Employee Cost in the Statement of Financial Performance)	(15,181,259)	(8,461,659)
Present value of fund obligation at the end of the year	<b>96,200,994</b>	<b>93,770,447</b>
<b>Less:</b> Transfer of Current Portion - Note 7	(1,430,275)	(1,405,802)
<b>Balance 30 June</b>	<b>94,770,719</b>	<b>92,364,645</b>

**Sensitivity Analysis on the Accrued Liability in (R millions)**

Assumption	In-service members liability (Rm)	Continuation members liability (Rm)	Total liability (Rm)	% change
Central Assumptions	79.664	16537.000	96.201	

**The effect of movements in the assumptions are as follows:**

Assumption	Change	In-service members liability (Rm)	Continuation members liability (Rm)	Total liability (Rm)	% change
Health care inflation	1%	94.622	18.145	112.767	17
Health care inflation	-1%	67.679	15.144	82.823	(14)
Discount Rate	1%	67.997	15.183	83.180	(14)
Discount Rate	-1%	94.427	18.125	112.552	17
Post-retirement mortality	-1 year	81.800	17.160	98.960	3
Average retirement age	-1 year	86.495	16.537	103.032	7
Membership after retirement	-10%	71.419	16.537	87.956	(9)

Assumption	Change	Current service Cost (R)	Interest Cost (R)	Total	% change
<b>Central Assumption</b>		9,660,300	9,303,300	18,963,600	
Health care inflation	1%	11,755,300	10,975,500	22,730,800	20
Health care inflation	-1%	8,015,500	7,960,700	15,976,200	(16)
Discount rate	1%	8,124,600	8,789,700	16,914,300	(11)
Discount rate	-1%	11,632,800	9,866,300	21,499,100	13
Post-retirement mortality	-1 year	9,929,000	9,585,800	19,514,800	3
Average retirement age	-1 year	9,000,200	10,045,800	19,046,000	-
Withdrawal Rate	50%	8,655,300	8,522,000	17,177,300	(9)

#### 4.2 Long Service Bonuses

The Long Service Bonus plans are defined benefit plans.

As at year end, the following number of employees were eligible for Long Service Bonuses.

2018 2017

Key actuarial assumptions used:

##### i) Rate of interest

Discount rate	8.41	8.34
General Salary Inflation (long-term)	6.05	6.15
Net Effective Discount Rate applied to salary-related Long Service Bonuses	2.23	2.05

The discount rate used is a composite of all government bonds and is calculated using a technique known as "bootstrapping"

The amounts recognised in the Statement of Financial Position are as follows:

Present value of fund obligations	6,572,956	6,065,154
<b>Net liability-unfunded</b>	<b>6,572,956</b>	<b>6,065,154</b>

The liability in respect of periods commencing prior to the comparative year has been estimated as follows:

	2016 R	2015 R	2014 R
<b>Total Liability-unfunded</b>	<b>3,378,046</b>	<b>3,185,513</b>	<b>3,083,706</b>

	2018	2017	2016	2015
Experience adjustments were calculated as follows				
Liabilities (Gain)/loss	219,601	2,581,119	107,734	50,941

##### Reconciliation of present value of fund obligation:

Present value of fund obligation at the beginning of the year	6,065,154	3,378,046
Total expenses	286,455	290,913
Current service cost (Included in Employee Cost in the Statement of Financial Performance)	676,668	389,726
Interest Cost (Included in Employee Cost in the Statement of Financial Performance)	472,925	274,634
Benefits Paid	(863,138)	(373,447)
Actuarial Losses/(Gain) (Included in Employee Cost in the Statement of Financial Performance)	221,346	2,396,195
Present value of fund obligation at the end of the year	<b>6,572,956</b>	<b>6,065,154</b>
<b>Less:</b> Transfer of Current Portion - Note 7	(1,406,389)	(799,114)
<b>Balance 30 June</b>	<b>5,166,567</b>	<b>5,266,040</b>

##### Sensitivity Analysis on the Unfunded Accrued Liability (in R Millions)

Assumption	Change	Liability (Rm)	% change
Central assumptions		6.573	
General salary inflation	1%	6.924	5
General salary inflation	-1%	6.251	(5)
Discount rate	1%	6.233	(5)
Discount rate	-1%	6.950	6
Average retirement age	-2yrs	5.547	(16)
Average retirement age	2yrs	7.827	19
Withdrawal rates	-50%	7.961	21

#### 4.3 Retirement funds

The Municipality requested detailed employee and pensioner information as well as information on the Municipality's share of the Pension and Retirement Funds' assets from the fund administrator. The fund administrator confirmed that assets of the Pension and Retirement Funds are not split per participating employer. Therefore, the Municipality is unable to determine the value of the plan assets as defined in GRAP 25.

As part of the Municipality's process to value the defined benefit liabilities, the Municipality requested pensioner data from the fund administrator. The fund administrator claim that the pensioner data to be confidential and were not willing to share the information with the Municipality. Without detailed pensioner data the Municipality was unable to calculate a reliable estimate of the accrued liability in respect of pensioners who qualify for a defined benefit pension.

Therefore, although both the Cape Joint Pension Fund and Cape Joint Retirement Fund are defined as defined benefit plans, it will be accounted for as defined contribution plans.

**CAPE JOINT PENSION FUND**

The contribution rate payable is 9% by members and 26.77% by Council. The last actuarial valuation performed for the year ended 30 June 2015 revealed that the fund has a funding level of 101.4% (30 June 2014 -106.2%).

Contributions paid recognised in the Statement of Financial Performance

2018  
R

2017  
R

135,723

151,709

**CAPE RETIREMENT FUND**

The contribution rate payable is 9% by members and 18% by Council. The last actuarial valuation performed for the year ended 30 June 2015 revealed that the fund is in a sound financial position with a funding level of 112.1 %.

Contributions paid recognised in the Statement of Financial Performance

16,635,903

15,090,352

**DEFINED CONTRIBUTION FUNDS**

Council contribute to the Government Employees Pension Fund, Municipal Council Pension Fund, IMATU Retirement Fund and SAMWU National Provident Fund which are defined contribution funds. The retirement benefit funds are subject to the Pension Fund Act, 1956, with pension being calculated on the pensionable remuneration paid. Current contributions by Council are charged against expenditure on the basis of current service costs.

Contributions paid recognised in the Statement of Financial Performance

645,508

726,846

**5 NON-CURRENT PROVISIONS**

Provision for Rehabilitation of Landfill-sites

24,235,470

23,743,279

**Total Non-current Provisions**

**24,235,470**

**23,743,279**

2018  
R

2017  
R

**Landfill Sites**

Balance 1 July..

23,743,279

22,699,120

Unwinding of discounted interest

1,981,574

2,135,217

Additions

-

-

Expenditure for the year..

(889,383)

(1,091,057)

**Total provision 30 June**

**24,835,470**

**23,743,279**

**Less:** Transfer of Current Portion to Current Provisions - Note 8

600,000

-

**Balance 30 June**

**24,235,470**

**23,743,279**

The municipality has an obligation to rehabilitate landfill sites at the end of the expected useful life of the asset. Total cost and estimated date of decommission of the site is as follows:

Decommission date  
Cost of rehabilitation

2019  
24,835,470

**6 CONSUMER DEPOSITS**

Electricity and Water

7,900,471

6,224,457

Building

55,844

47,668

Community Halls

36,191

19,541

Library

3,882

-

**Total Consumer Deposits**

**7,996,388**

**6,291,666**

**Guarantees held in lieu of Electricity and Water Deposits**

246,125

246,125

Consumer deposits are paid by consumers on application for new water and electricity connections. The deposits are repaid when the water and electricity connections are terminated. In cases where consumers default on their accounts, Council utilizes the deposit as payment for the outstanding account.

No interest is paid on consumer deposits held.

Management of the municipality is of the opinion that the carrying value of Consumer Deposits approximate their fair values.

The fair value of Consumer Deposits was determined after considering the standard terms and conditions of agreements entered into between the municipality and its consumers.



<b>7</b>	<b>CURRENT EMPLOYEE BENEFITS</b>	<b>2018</b>	<b>2017</b>
		<b>R</b>	<b>R</b>
	Current Portion of Post Retirement Benefits - Note 4	1,430,275	1,405,802
	Current Portion of Long-Service Provisions - Note 4	1,406,389	799,114
	Staff Leave	16,947,660	15,715,554
	Bonuses	4,585,648	4,197,603
	Performance Bonus	1,194,375	563,836
	<b>Total Current Employee Benefits</b>	<b>25,564,347</b>	<b>22,681,908</b>
	The movement in current employee benefits are reconciled as follows:		
	<b>Staff Leave</b>		
	Balance at beginning of year	15,715,554	13,253,781
	Contribution to current portion	2,727,010	4,874,973
	Expenditure incurred	(1,494,904)	(2,413,200)
	Balance at end of year	<b>16,947,660</b>	<b>15,715,554</b>
	Staff leave accrued to employees according to collective agreement. Provision is made for the full cost of accrued leave at reporting date. This provision will be realised as employees take leave.		
	<b>Bonuses.</b>		
	Balance at beginning of year.	4,197,603	3,779,744
	Contribution to current portion.	8,405,851	7,341,132
	Expenditure incurred.	(8,017,805)	(6,923,273)
	Balance at end of year	<b>4,585,648</b>	<b>4,197,603</b>
	Bonuses are being paid to all municipal staff, excluding section 57 Managers. The balance at year end represent to portion of the bonus that have already vested for the current salary cycle.		
	<b>Performance Bonus</b>		
	Balance at beginning of year..	563,836	215,098
	Contribution to current portion..	630,539	348,738
	Expenditure incurred..	-	-
	Balance at end of year	<b>1,194,375</b>	<b>563,836</b>
<b>8</b>	<b>PROVISIONS</b>		
	Current Portion of Rehabilitation of Landfill-site -Note 5	600,000	-
	<b>Total Provisions</b>	<b>600,000</b>	<b>-</b>
<b>9</b>	<b>TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS</b>		
	Trade Payables	49,713,908	50,431,350
	Pre-paid electricity	401,999	382,722
	Other Creditors	5,094,307	1,233,703
	Payments received in advance	11,421,092	8,559,172
	Retentions	7,938,229	7,112,412
	<b>Total Trade Payables</b>	<b>74,569,535</b>	<b>67,719,359</b>
	Payables are being recognised net of any discounts.		
	The average credit period on purchases is 30 days from the receipt of the invoice (as determined by the MFMA). No interest is charged for the first 30 days from the date of receipt of the invoice. Thereafter interest is charged in accordance with the credit policies of the various individual creditors that the municipality deals with. The municipality has financial risk policies in place to ensure that all payables are paid within the credit timeframe.		
	Other creditors mainly comprise deposits received towards services to be rendered to the municipality and unallocated banking deposits made on the municipality's banking accounts. No interest is raised and the credits held by the municipality are refunded once the services have been rendered or applied to the service account once the origin of the credit has been established.		
	Management of the municipality is of the opinion that the carrying value of Creditors approximate their fair values.		
	The fair value of Creditors were determined after considering the standard terms and conditions of agreements entered into between the municipality and other parties.		
	All payables are unsecured.		

**10 UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS**

**Unspent Grants**

Provincial and Government Grants

**Less:** Unpaid Grants

National Government Grants

Provincial Government Grants

**Total Conditional Grants and Receipts**

2018	2017
R	R
2,120,345	2,461,791
2,120,345	2,461,791
-	(14,480,576)
-	-
-	(14,480,576)
<b>2,120,345</b>	<b>(12,018,786)</b>

See appendix "D" for reconciliation of grants from other spheres of government. The municipality complied with the conditions attached to all grants received to the extent of revenue recognised. No grants were withheld.

**11 UNSPENT PUBLIC CONTRIBUTIONS**

Social responsibility

SASSA

Fire Disaster

Total Unspent Public Contributions

-	-
-	-
-	272,196
-	<b>272,196</b>

**Reconciliation of public contributions**

Opening balance

Contributions received

Conditions met - Transferred to revenue

Closing balance

272,196	499,414
2,603,545	1,730,908
(2,875,741)	(1,958,126)
-	<b>272,196</b>

**12 TAXES**

**VAT RECEIVABLE**

VAT Payable

VAT Receivable

Total VAT receivable

(52,972,444)	(12,381,181)
62,719,186	16,679,094
<b>9,746,742</b>	<b>4,297,914</b>

**NET VAT RECEIVABLE/(PAYABLE)**

<b>9,746,742</b>	<b>4,297,914</b>
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VAT is receivable/payable on the cash basis.

**13 PROPERTY, PLANT AND EQUIPMENT**

See attached sheet

BITOU MUNICIPALITY  
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

13 PROPERTY, PLANT AND EQUIPMENT

30 JUNE 2018

Reconciliation of Carrying Value	Cost										Accumulated Depreciation and Impairment Losses										Carrying Value	
	Restated Opening Balances										Closing Balances										Closing Balance	
	Restated Opening Balances	Additions	Transfers	Write offs/De-recognition	Disposals	Closing Balance	Opening Balance	Transfers	Restated Opening Balances	Depreciation	Write offs/De-recognition	Disposals	Closing Balance	Impairment Opening Balance	Corrections	Restated Opening Balance	Closing Balances	Impairments	Closing Balance	R	R	
Infrastructure	123,069,591	36,201,169	23,543,723	(7,694,663.02)	0	755,601,910	171,822,019	171,822,019	24,137,745	24,137,745	3,185,019	(4,745,780)	0	186,589,828	0	0	0	0	186,589,827	569,012,083	R	R
Electrical Infrastructure	123,069,591	1,648,040	9,052,532	-	-	133,770,163	24,137,745	24,137,745	54,979,071	54,979,071	5,150,213	(286,385)	0	27,322,764	0	0	0	0	27,322,764	106,447,399	0	0
Water Supply Infrastructure	196,310,653	8,901,088	2,699,573	(1,348,600.97)	-	216,279,081	52,239,421	52,239,421	59,870,888	59,870,888	6,259,020	(346,893)	0	58,141,748	0	0	0	0	58,141,748	157,660,917	0	0
Roads Infrastructure	216,028,922	3,465,279	1,717,814	(1,166,214)	-	220,046,911	5,396,501	5,396,501	5,396,501	5,396,501	773,463	-	0	6,169,954	0	0	0	0	6,169,954	27,244,161	0	0
Storm water Infrastructure	30,406,214	5,515,022	7,328,358	(5,974,933.70)	-	47,274,660	126,535,416	126,535,416	33,931,987	33,931,987	3,336,452	(4,140,692)	0	33,127,747	0	0	0	0	33,127,747	93,407,669	0	0
Sanitation Infrastructure	119,666,970	18,071,331	-	-	-	137,738,301	1,147,294	1,147,294	-	-	809,432	0	0	1,956,726	0	0	0	0	1,956,726	16,114,605	0	0
Solid Waste Infrastructure	18,071,331	-	-	-	-	18,071,331	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Community Assets	51,738,237	11,165,718	2,216,446	(990,595.43)	0	64,129,807	15,828,210	15,828,210	12,821,865	12,821,865	1,191,064	(437,501)	0	17,181,200	2,209	0	0	0	17,183,409	46,946,397	0	0
Community Assets	32,324,321	10,781,848	1,982,860	(990,595.43)	-	44,088,433	12,821,865	12,821,865	3,006,345	3,006,345	599,427	(437,501)	0	13,575,428	2,209	0	0	0	13,577,637	30,520,796	2,209	2,209
Libraries	19,413,917	383,970	233,587	-	-	20,033,473	3,006,345	3,006,345	0	0	0	0	0	3,605,772	0	0	0	0	3,605,772	16,425,601	0	0
Construction Work-in-progress	45,702,972	49,093,547	(22,721,511)	-	0	72,075,009	0	0	0	0	0	0	0	0	0	0	0	0	0	72,075,009	0	0
Construction Work-in-progress	45,702,972	49,093,547	(22,721,511)	-	0	72,075,009	0	0	0	0	0	0	0	0	0	0	0	0	0	72,075,009	0	0
Other Assets	394,812,928	12,408,226	30,080,057	(5,932,554.41)	0	431,368,556	51,951,456	51,951,456	31,778,657	31,778,657	9,197,223	(5,732,363)	0	55,473,399	7,872,696	0	0	0	63,346,095	368,022,562	7,872,696	7,872,696
Other Buildings	69,570,447	2,626,136	(16,071,079)	(106,183.68)	-	56,019,320	27,315,855	27,315,855	2,598,801	2,598,801	2,598,801	(87,886)	0	29,814,969	813,215	0	0	0	30,628,185	25,391,136	813,215	813,215
Transport Assets	20,784,540	3,105,278	17,205,615	(5,242,925.44)	-	35,852,507	7,941,389	7,941,389	4,463,293	4,463,293	10,806,027	(5,242,925)	0	10,806,027	0	0	0	0	10,806,027	25,046,480	0	0
Furniture and Office Equipment	7,923,371	629,775	2,455,7	(133,999.30)	-	8,443,704	4,328,728	4,328,728	20,164	20,164	4,328,728	(720,067)	0	4,928,215	0	0	0	0	4,928,215	3,515,489	0	0
Computer Equipment	10,192,868	2,497,059	36,187	(181,785.50)	-	12,544,328	10,968	10,968	4,362,616	4,362,616	1,294,660	(88,872)	0	5,652,372	0	0	0	0	5,652,372	6,961,956	0	0
Machinery and Equipment	7,410,780	1,047,978	52,107	(267,660.49)	-	8,243,204	3,540,066	3,540,066	30,460	30,460	3,570,526	(165,193)	0	4,341,815	0	0	0	0	4,341,815	3,901,389	0	0
Land	278,930,923	2,502,000	28,832,670	-	-	310,265,593	0	0	0	0	0	0	0	7,059,481	7,059,481	0	0	0	7,059,481	303,206,112	7,059,481	7,059,481
	1,195,805,820	108,868,660	33,118,716	(14,617,813)	0	1,323,175,381	239,601,685	239,601,685	57,083	57,083	30,501,302	(10,915,645)	0	259,244,427	7,874,905	0	0	0	267,119,331	1,056,056,051	7,874,905	7,874,905
30 JUNE 2017																						
Reconciliation of Carrying Value	Cost										Accumulated Depreciation and Impairment Losses										Carrying Value	
	Restated Opening Balances										Closing Balances										Closing Balance	
	Restated Opening Balances	Additions	Under Construction	Write offs	Disposals	Closing Balance	Opening Balance	Corrections - see note 37	Restated Opening Balances	Depreciation	Disposals	Write offs	Closing Balance	Impairment Opening Balance	Corrections - see note 38	Restated Opening Balance	Closing Balances	Impairments	Closing Balance	R	R	
Infrastructure	651,254,707	55,474,025	0	0	3,177,052	703,551,681	155,599,815	155,599,815	21,547,782	21,547,782	2,598,983	0	1,133,914	171,822,019	0	0	0	0	171,822,019	531,729,662	0	0
Electrical Infrastructure	114,826,510	8,243,081				123,069,591	21,547,782	21,547,782	49,993,871	49,993,871	4,985,200	0		24,137,745	0	0	0	24,137,745	98,931,845	0	0	
Water Supply Infrastructure	191,991,497	4,315,156				196,310,653	49,993,871	49,993,871	49,993,871	49,993,871	5,150,213	0		54,979,071	0	0	0	54,979,071	141,331,582	0	0	
Roads Infrastructure	216,028,922	35,646,713			2,699,673	251,675,635	5,876,244	5,876,244	47,166,857	47,166,857	6,166,871	0	813,680	52,229,421	0	0	0	52,229,421	163,797,501	0	0	
Storm water Infrastructure	30,406,214	3,465,279				33,871,493	5,396,501	5,396,501	5,396,501	5,396,501	813,680	0		5,396,501	0	0	0	5,396,501	25,009,713	0	0	
Sanitation Infrastructure	115,137,821	5,005,528			477,379	119,666,970	3,324,818	3,324,818	31,248,818	31,248,818	3,003,403	0	320,234	33,931,987	0	0	0	33,931,987	85,794,983	0	0	
Solid Waste Infrastructure	15,815,784	2,252,547				18,071,331	245,986	245,986	18,071,331	18,071,331	901,308	0		1,147,294	0	0	0	1,147,294	16,924,037	0	0	
Community Assets	47,825,850	3,912,387	0	0	0	51,738,237	14,306,215	14,306,215	11,876,813	11,876,813	1,521,995	0	0	15,828,210	2,209	2,209	0	15,832,628	35,907,819	2,209	2,209	
Community Assets	29,096,077	3,228,244				32,324,321	11,876,813	11,876,813	945,052	945,052	945,052	0		12,821,865	2,209	2,209	0	12,824,074	19,500,247	2,209	2,209	
Libraries	16,729,774	684,143				17,413,917	2,429,402	2,429,402	2,429,402	2,429,402	576,943	0		3,006,345	0	0	0	3,006,345	16,407,572	0	0	
Construction Work-in-progress	20,035,502	0	25,667,470	0	0	45,702,972	0	0	0	0	0	0	0	0	0	0	0	0	0	45,702,972	0	0
Construction Work-in-progress	20,035,502	0	25,667,470	0	0	45,702,972	0	0	0	0	0	0	0	0	0	0	0	0	0	45,702,972	0	0
Other Assets	356,574,540	4,205,000	360,779,540	35,578,462	0	818,027	727,047	727,047	30,405,706	30,405,706	2,475,381	630,131	644,013	51,951,456	7,872,696	0	0	7,872,696	59,824,152	334,988,776	7,872,696	7,872,696
Other Buildings	68,791,132	2,137,860				70,928,992	30,405,706	30,405,706	4,927,009	4,927,009	3,186,094			616,466	813,215	0	0	813,215	32,591,872	38,978,575	813,215	813,215
Transport Assets	11,961,609	9,009,460				20,971,069	29,825	29,825	20,971,069	20,971,069	2,475,381			27,547	7,941,389	0	0	7,941,389	12,843,151	16,030,680	7,941,389	7,941,389
Furniture and Office Equipment	6,248,180	1,675,191				7,923,371	4,328,728	4,328,728	4,328,728	4,328,728				4,328,728	0	0	0	4,328,728	3,594,643	0	0	
Computer Equipment	10,192,868					10,192,868	4,362,616	4,362,616	4,362,616	4,362,616				4,362,616	0	0	0	4,362,616	5,830,252	0	0	
Machinery and Equipment	251,969,972	4,205,000	256,174,972			256,174,972	3,222,463	3,222,463	7,410,780	7,410,780	317,583			3,540,066	7,059,481	0	0	7,059,481	3,540,066	271,871,441	7,059,481	7,059,481
Land	1,075,690,601	4,205,000	1,079,895,602	94,964,874	25,667,470	818,027	3,904,099	3,904,099	1,195,805,819	1,195,805,819	24,857,171	630,131	1,777,927	239,601,685	7,874,905	0	0	7,874,905	247,478,799	948,238,212	7,874,905	7,874,905

13	Assets pledged as security:	2018 R	2017 R
13.1	All the assets (Vehicles and Photostat Machines) which are obtained by financial leases are pledged as security. The total carrying amount of these assets :	-	2,700,631
13.2	<b>Impairment of property, plant and equipment for the year</b>		
	Impairment charges on Property, Plant and Equipment recognised in the Statement of Financial Performance	-	-
13.3	<b>Capital commitments</b>		
	Capital commitments applicable- see note 49	19,254,400	12,741,388
13.4	<b>Property, Plant and Equipment which is in the process of being constructed or developed</b>		
	<b>Infrastructure Assets</b>	25,945,444	8,001,039
	Electricity Reticulation	-	866,223
	Roads, Pavements, Bridges & Storm water	6,594,908	99,991
	Sewerage Purification & Reticulation	9,883,314	2,853,535
	Water Reservoirs & Reticulation	9,467,222	4,181,290
	<b>Community Assets</b>	358,246	233,587
	Libraries	-	233,587
	Sport Grounds	292,146	
	Other Community Assets	66,100	
	<b>Other Assets</b>	144,349	1,594,870
	<b>Total Property, Plant and Equipment under construction</b>	<b>26,448,039</b>	<b>9,829,496</b>
13.5	<b>Property, Plant and Equipment that is taking a significantly longer period of time to complete as expected :</b>		
	<b>Infrastructure Assets</b>	41,216,706	34,049,382
	Electricity Reticulation	25,779,328	14,826,709
	Roads, Pavements, Bridges & Storm water	4,763,619	4,801,893
	Sewerage Purification & Reticulation	3,260,012	7,316,315
	Water Reservoirs & Reticulation	7,413,747	6,969,319
	Other		135,145
	<b>Community Assets</b>	3,765,996	20,520
	Sports Grounds	2,512,876	20,520
	Other Community Assets	1,253,120	
	<b>Other Assets</b>	592,518	1,751,825
	<b>Total</b>	<b>45,575,220</b>	<b>35,821,727</b>
	<b>Reasons for the delays :</b>		
	- Budgeting/Funding Constraints		
	- Delays with EIA Approvals		
	- Contracts Terminations		
	- Delay with materials ordered from overseas		
13.6	<b>Property, Plant and Equipment where construction or development has been halted:</b>		
	<b>Infrastructure Assets</b>	51,750	51,750
	Electricity Reticulation	-	-
	Roads, Pavements, Bridges & Storm water	51,750	51,750
	Sewerage Purification & Reticulation	-	-
	Water Reservoirs & Reticulation	-	-
	Other	-	-
	<b>Community Assets</b>	-	-
	<b>Other Assets</b>	-	-
	<b>Total</b>	<b>51,750</b>	<b>51,750</b>
	<b>Total Work in progress</b>	<b>72,075,009</b>	<b>45,702,972</b>

**Reason for the halt**

Litigation matter relating to the Small Boat Harbour

**13.7 Expenditure incurred to repair and maintain Property, Plant and Equipment:**

Employee related costs	3,314,396	5,363,562
Materials	13,084,668	7,937,197
Contracted Services	8,327,291	11,721,857
Other Expenditure	-	1,046,106
<b>Total Repairs and Maintenance</b>	<b>24,726,355</b>	<b>26,068,721</b>

**14****14.1 INVESTMENT PROPERTY****Net Carrying amount at 1 July****55,452,825** **55,453,363**

Cost	56,565,759	56,565,759
Accumulated Depreciation	(1,109,934)	(1,109,936)
Accumulated Impairments	(3,000)	(3,000)

Depreciation for the year	(538)	(538)
Impairments for the year	-	-

Transfers	(28,832,670)	
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**Net Carrying amount at 30 June****26,619,617** **55,452,825**

Cost	27,733,089	56,565,759
Accumulated Depreciation	(1,110,472)	(1,109,934)
Accumulated Impairments	(3,000)	(3,000)

**14.2** There are no restrictions on the realisability of Investment Property or the remittance of revenue and proceeds of disposal.

**14.3** There are no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements.

<b>14.4</b> Revenue derived from the rental of investment property	<b>289,809</b>	<b>289,809</b>
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**15 INTANGIBLE ASSETS****15.1 Computer Software****Net Carrying amount at 1 July****316,123** **369,804**

Cost	753,047	715,880
Accumulated Amortisation	(436,924)	(346,076)

Disposals	(31,191)	-
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Additions	-	37,167
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Amortisation (Included in Depreciation and Amortisation in the Statement of Financial Performance)	(98,369)	(90,848)
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**Net Carrying amount at 30 June****186,563** **316,123**

Cost	721,856	753,047
Accumulated Amortisation	(535,293)	(436,924)

No intangible asset has an indefinite useful life.

There are no internally generated intangible assets at reporting date.

There are no intangible assets whose title is restricted.

There are no intangible assets pledged as security for liabilities

There are no contractual commitments for the acquisition of intangible assets.

	2018 R	2017 R
<b>15.2 Change in estimates in terms of GRAP 3</b>		
The useful life's of assets were adjusted for further periods		
Amortisation after adjustments	-	1,960
Amortisation before adjustments	-	2,623

## 16 HERITAGE ASSETS

<b>16.1 Net Carrying amount at 1 July</b>	<b>35,193</b>	<b>35,193</b>
Cost	35,193	35,193
Accumulated Impairment	-	-
Acquisitions	-	-
Disposals	-	-
Impairments	-	-
Reversal of Impairment losses	-	-
Transfers from Property, Plant and equipment	-	-
<b>Net Carrying amount at 30 June</b>	<b>35,193</b>	<b>35,193</b>
Cost	35,193	35,193
Accumulated Impairment	-	-

Heritage Assets consist of historical land and the Mayoral chain.

The assets were measured at cost.

There are no restrictions on the realisability of Heritage Assets or the remittance of revenue and proceeds of disposal.

There are no contractual obligations to purchase, construct or develop Heritage Assets or for repairs, maintenance or enhancements.

There are no Heritage Assets pledged as security for liabilities

## 17 INVESTMENTS

### Total Non- Current Investments

Fixed Deposits	6,852,559	6,102,365
<b>Total Current Investments</b>	<b>6,852,559</b>	<b>6,102,365</b>

A non-current investment to establish a Sinking Fund, amounted to R5,243,673.32 was re-invested with Nedbank Ltd to serve as a contractual collateral on loan accounts WC 13665 and WC 100225 from Development Bank of Southern Africa

Interest accrued on the investment is capitalized annually .

## 18 LONG-TERM RECEIVABLES

Housing selling scheme loans	12,161	15,170
<b>Less : Current portion transferred to current receivables</b>	<b>(3,442)</b>	<b>(3,921)</b>
<b>Total Long- Term Receivables</b>	<b>8,720</b>	<b>11,248</b>

Prior to the effect of the provisions of section 164(1)(c) of the MFMA (Act 56 of 2003) on 1 July 2004, loans were granted to qualifying senior staff members to enable them to acquire a house. The house should be occupied by the staff member and should be the primary home of the staff member. The repayment period of these loans and the applicable interest rate is a maximum of 20 years and eight percent per annum, respectively.

The repayments applicable, are levied with the monthly consumer accounts, and outstanding amounts of these accounts are reflected as part of the outstanding receivables from exchange transactions.

The terms granted to these loans have not been more favourable that would be expected in market terms



19

INVENTORY

Consumables - At cost

Water – at cost

Total Inventory

Consumable stores materials written down due to losses as identified during the annual stores counts.

Consumable stores materials surpluses identified during the annual stores counts.

Inventory recognised as an expense during the year

No inventory assets were pledged as security for liabilities.

2018

R

9,921,971

160,943

10,082,914

2017

R

7,670,180

148,655

7,818,834

56,815

120,007

16,336

50,292

8,265,119

4,828,027

20

TRADE AND OTHER RECEIVABLES FROM EXCHANGE TRANSACTIONS

As at 30 June 2018

Service Receivables

Electricity

Water

Sewerage

Sundries

Refuse Removal

Housing Rentals

Total

As at 30 June 2017

Service Receivables

Electricity

Water

Sewerage

Sundries

Refuse Removal

Housing Rentals

Total

Ageing of Receivables from Exchange Transactions:

(Electricity): Ageing

Current (0 - 30 days)

31 - 60 Days

61 - 90 Days

+ 90 Days

Total

(Water): Ageing

Current (0 - 30 days)

31 - 60 Days

61 - 90 Days

+ 90 Days

Total

(Sewerage): Ageing

Current (0 - 30 days)

31 - 60 Days

61 - 90 Days

+ 90 Days

Total

(Sundries): Ageing

Current (0 - 30 days)

31 - 60 Days

61 - 90 Days

+ 90 Days

Total

(Refuse): Ageing

Current (0 - 30 days)

31 - 60 Days

61 - 90 Days

+ 90 Days

Total

Gross Balances

R

122,049,850

19,517,053

31,710,915

38,736,353

8,079,946

24,005,584

899,497

122,949,347

Provision for Impairment

R

88,652,299

5,816,886

24,594,500

34,008,785

3,093,859

21,138,269

721,560

89,373,859

Nett Balances

R

33,397,551

13,700,167

7,116,415

4,727,567

4,986,087

2,867,315

177,937

33,575,488

34,170,625

14,448,308

8,527,952

4,525,967

4,032,239

2,636,159

115,512

34,286,137

2018

R

11,482,436

775,546

531,417

6,727,654

19,517,053

2017

R

10,269,652

1,377,073

572,222

5,482,567

17,701,513

7,526,517

4,948,105

1,377,772

1,619,515

1,104,976

1,087,754

21,701,649

22,795,878

31,710,915

30,451,252

6,401,629

3,684,782

1,351,068

1,033,701

1,243,094

862,875

29,740,561

20,024,859

38,736,353

25,606,218

281,782

963,889

64,467

131,605

73,042

1,147,366

7,660,655

3,887,955

8,079,946

6,130,815

3,924,154

2,678,735

791,440

619,302

724,787

520,685

18,565,203

12,635,539

24,005,584

16,454,261

**(Housing): Ageing**

Current (0 - 30 days)  
 31 - 60 Days  
 61 - 90 Days  
 + 90 Days

**Total****(Total): Ageing**

Current (0 - 30 days)  
 31 - 60 Days  
 61 - 90 Days  
 + 90 Days

**Total**

2018 R	2017 R
81,730	79,529
19,056	3,447
18,805	3,145
779,907	750,951
<b>899,497</b>	<b>837,072</b>

29,698,248	22,624,692
4,379,349	4,784,643
3,696,121	4,194,047
85,175,629	65,577,749
<b>122,949,347</b>	<b>97,181,131</b>

**21 RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS****As at 30 June 2018**

Rates  
 Sundries  
 Traffic Fines

**Total****As at 30 June 2017**

Rates  
 Sundry Debtors.  
 Traffic Fines

**Total****Ageing of Receivables from Non-Exchange Transactions:****(Rates): Ageing**

Current (0 - 30 days)  
 31 - 60 Days  
 61 - 90 Days  
 + 90 Days

**Total****Receivables impaired**

Gross Balances R	Provision for Impairment R	Nett Balances R
35,476,140	22,282,397	13,193,742
238,130	0	238,130
105,807,831	93,335,796	12,472,035
<b>141,522,100</b>	<b>115,618,193</b>	<b>25,903,907</b>

23,910,044	9,485,589	14,424,455
339,364	-	339,364
73,908,836	65,778,864	8,129,972
<b>98,158,244</b>	<b>75,264,453</b>	<b>22,893,791</b>

2018 R	2017 R
9,354,629	6,772,380
1,371,614	1,230,986
1,686,383	647,274
23,063,514	15,259,404
<b>35,476,140</b>	<b>23,910,044</b>

Exchange Transactions R's	Non-Exchange Transactions R's	Total R's
89,373,859	115,618,193	204,992,052
<b>62,894,994</b>	<b>75,264,453</b>	<b>138,159,447</b>

**Reconciliation of Provision for Bad Debts for Receivables from Exchange and Non -Exchange transactions**

Balance at beginning of year  
 Contribution to provision

**Balance at end of year**

138,159,447	105,134,950
66,832,605	33,024,497
<b>204,992,052</b>	<b>138,159,447</b>

In determining the recoverability of a trade receivable, the Municipality considers any change in the credit quality of the trade receivable from the date the credit was initially granted, up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, management believes no further credit provisions are required in excess of the present allowance for doubtful debts.

**22 OPERATING LEASE ARRANGEMENTS****22.1 The Municipality as Lessee (Liability)****Balance on 1 July**

Movement during the year

**Balance on 30 June**

297,004	427,515
64,243	(130,511)
<b>361,247</b>	<b>297,004</b>

At the Statement of Financial Position date, where the municipality acts as a lessee under operating leases, it will pay operating lease expenditure as follows:

Up to 1 Year  
 1 to 5 Years  
 More than 5 Years

**Total Operating Lease Arrangements**

2,516,187	2,827,831
6,234,533	8,103,675
	647,045
<b>8,750,720</b>	<b>11,578,551</b>

Operating leases consists of agreements for building rentals

The municipality does not engage in any sub-lease arrangements.

The municipality did not pay any contingent rent during the year

## 22.2 The Municipality as Lessor (Asset)

	2018 R	2017 R
<b>Balance on 1 July</b>	273,230	206,364
Movement during the year.	37,622	66,866
<b>Balance on 30 June</b>	<b>310,852</b>	<b>273,230</b>
At the Statement of Financial Position date, the municipality will receive operating lease income as follows:		
Up to 1 Year	424,028	529,156
1 to 5 Years	2,103,387	1,326,336
More than 5 Years		407,923
<b>Total Operating Lease Arrangements</b>	<b>2,527,415</b>	<b>2,263,415</b>
This lease income was determined from contracts that have a specific conditional income and does not include lease income which has a undetermined conditional income.		
No restrictions have been imposed on the Municipality in terms of the operating lease agreements.		
The leases are in respect of land and buildings being leased out for several purposes.		
The municipality does not engage in any sub-lease arrangements.		
The municipality did not receive any contingent rent during the year		
Leases escalate annually between 5% to 12%. Lease agreements are non-cancellable and have terms from 2 to 10 years.		
Some of the leases are renewable after the lapsing of the existing lease period		

## 23 CASH AND CASH EQUIVALENTS

### Assets

Call Investments Deposits	81,314,177	53,010,079
Bank Accounts	59,483,835	73,033,220
Cash Floats	15,180	12,020
<b>Total Cash and Cash Equivalents - Assets</b>	<b>140,813,192</b>	<b>126,055,319</b>

Cash and cash equivalents comprises of cash held and short term deposits. The carrying amount of these assets approximates their fair value.

Security amounting to R 200,000 is held at Standard Bank for E- Fuel.

The municipality has the following bank accounts:

### Current Accounts

<b>Standard Bank George-Account Number 082599343 (Previous Primary Bank Account)</b>	-	7,168,399
<b>Standard Bank George-Account Number 282032371 (Direct Deposits)</b>	-	1,485,854
<b>Standard Bank George-Account Number 082608288 (ACB)</b>	-	5,623
<b>Standard Bank George-Account Number 082592535 (Previous Traffic Account)</b>	-	896,561
<b>Nedbank- Account Number 1089911513 ( Current Primary Bank Account)</b>	58,494,923	63,516,264
<b>Nedbank- Account Number 1089913079 (Current Traffic Account)</b>	72,571	107,545
<b>Nedbank- Account Number 1089913974 (Current Direct Deposits)</b>	1,190,080	577,163
<b>Nedbank- Account Number 1147931046</b>	-	272,196
	<b>59,757,574</b>	<b>74,029,603</b>
Cash book balance at beginning of year	73,033,220	17,267,242
Cash book balance at end of year	59,483,835	73,033,220
<b>Standard Bank George-Account Number 082599343 (Primary Bank Account) until 14 December 2014</b>		
Bank statement balance at beginning of year	7,168,399	15,235,038
Bank statement balance at end of year	-	7,168,399
<b>Standard Bank George-Account Number 282032371 (Direct Deposits)</b>		
Bank statement balance at beginning of year	1,485,854	791,614
Bank statement balance at end of year	-	1,485,854
<b>Standard Bank George-Account Number 082592535 (Previous Traffic Account)</b>		
Bank statement balance at beginning of year	896,561	563,187
Bank statement balance at end of year	-	896,561
<b>Standard Bank George-Account Number 082608288 (ACB)</b>		
Bank statement balance at beginning of year	5,623	148,308
Bank statement balance at end of year	-	5,623
<b>Nedbank- Account Number 1089911513 (Primary Bank Account) since 15 December 2015</b>		
Bank statement balance at beginning of year	63,516,264	5,888,600
Bank statement balance at end of year	58,494,923	63,516,264
<b>Nedbank- Account Number 1089913079</b>		
Bank statement balance at beginning of year	107,545	327,973
Bank statement balance at end of year	72,571	107,545
<b>Nedbank- Account Number 1089913974</b>		
Bank statement balance at beginning of year	577,163	444,474
Bank statement balance at end of year	1,190,080	577,163
<b>Nedbank- Account Number 1147931046</b>		
Bank statement balance at beginning of year	272,196	-
Bank statement balance at end of year	-	272,196

**Call Investment Deposits**

Call investment deposits consist out of the following accounts:

	2018 R	2017 R
Standard Account nr 488-607-7000-044	-	21,411,166
Standard Account nr 488-607-7000-049	-	10,183,757
Nedbank Account nr 03/7881052406/000076	-	21,415,157
Nedbank Account nr 03/7881052406/000083	15,542,548	
Absa Account nr 4094250421	20,237,424	
Absa Account nr 4094254679	5,059,356	
Absa Account nr 4094254175	10,118,712	
Investec Account nr 1100443838500	20,237,425	
Investec Account nr 1100443838501	10,118,712	
	<b>81,314,177</b>	<b>53,010,079</b>

For the purposes of the Cash Flow Statement, Bank, Cash and Cash Equivalents include Cash-on-Hand, Cash in Banks and Investments in Money Market Instruments, net of outstanding Bank Overdrafts.

Call investment deposits are investments with a maturity period of less than 3 months and earn interest rates varying from 5 % to 6 % per annum.

**24 PROPERTY TAXES****Actual****Rateable Land and Buildings**

Residential, Industrial, Rural and Other  
Commercial  
State

	121,810,210	112,519,143
	104,405,373	102,023,378
	14,187,417	8,536,123
	3,217,419	1,959,642
	<b>121,810,210</b>	<b>112,519,143</b>

**Total Assessment Rates****New General Valuations - 1 JULY 2017****Rateable Land and Buildings**

Residential, Industrial, Rural and Other  
Commercial  
State

	23,381,522,800	21,120,668,573
	1,781,675,500	269,147,400
	235,309,500	269,466,000
	<b>25,398,507,800</b>	<b>21,659,281,973</b>

**Total Assessment Rates**

Assessment Rates are levied on the value of land and improvements, for which a valuation must be performed every 5 years. Interim valuations are processed on an annual basis to take into account changes in individual property values due to alterations, consolidations and subdivisions. A new roll was implemented from 1 July 2017

The tariff for residential properties are used as the basis for the calculation of property rates for all other categories. A Business will pay 67% more than a household and farms or rural properties will pay 75% less than residential households.

Rates are levied annually on property and are payable by 30 September. Owners are allowed to pay the annual assessment in 12 monthly instalments. Monthly rates are payable by the 15th of the following month. Interest is levied at the prime rate plus 1% on outstanding rates amounts.

Rebates can be defined as any income that the Municipality is entitled by law to levy, but which has subsequently been forgone by way of rebate or remission.

**25 GOVERNMENT GRANTS AND SUBSIDIES****Unconditional Grants**

Equitable Share  
Other Grants and Donations

	<b>76,914,741</b>	<b>64,235,000</b>
	74,039,000	64,235,000
	2,875,741	

**Conditional Grants**

Grants and donations

	<b>101,705,519</b>	<b>117,932,994</b>
	101,705,519	117,932,994

**Total Government Grants and Subsidies**

	<b>178,620,260</b>	<b>182,167,994</b>
	51,016,531	81,804,891
	127,603,728	100,363,103
	<b>178,620,260</b>	<b>182,167,994</b>

Government Grants and Subsidies- Capital  
Government Grants and Subsidies- Operational

Revenue recognised per vote as required by Section 123 (c) of the MFMA

	2018	2017
	R	R
Community Services	46,926,250	78,018,744
Corporate Services	488,654	317,150
Council	-	-
Financial Services	1,880,000	1,695,000
Municipal Services and Infrastructure Development	55,280,981	34,886,659
Office of the Municipal Manager	5,375	1,888,000
Strategic Services	-	1,127,442
	<b>104,581,260</b>	<b>117,932,994</b>

The municipality does not expect any significant changes to the level of grants.

#### 25.01 Equitable share

Grants received	74,039,000	64,235,000
Conditions met - Operating	(74,039,000)	(64,235,000)
Unconditional	-	-

The Equitable Share is the unconditional share of the revenue raised nationally and is being allocated in terms of Section 214 of the Constitution (Act 108 of 1996) to the municipality by the National Treasury.

#### 25.02 Extended Public Works Program

Opening balance	-	-
Grants received	2,232,000	1,869,000
Conditions met - Operating	(2,232,000)	(1,869,000)
Conditions still to be met	-	-

Job creation projects in previous disadvantage areas

#### 25.03 Local Government Financial Management Grant (FMG)

Opening balance	-	-
Grants received	1,550,000	1,475,000
Conditions met - Operating	(1,550,000)	(1,475,000)
Conditions met-to be recovered	-	-

The Financial Management Grant is paid by National Treasury to medium capacity municipalities to help implement the financial reforms required by the Municipal Finance Management Act (MFMA), 2003. The FMG Grant also pays for the cost of the Financial Management Internship Programme (e.g. salary costs of the Financial Management Interns).

#### 25.04 Municipal Infrastructure Grant (MIG)

Opening balance	2,281,791	2
Grants received	25,458,000	25,682,000
Conditions met - Capital	(27,739,791)	(23,400,211)
Conditions met	-	2,281,791

The grant was used to upgrade infrastructure in previously disadvantaged areas, paid by National Treasury.

#### 25.05 Housing Grants

Opening balance	(14,480,575)	9,054,979
Grants received	48,440,566	43,893,012
Conditions met - Operating	(32,738,996)	(20,253,292)
Conditions met - Capital	-	(47,175,274)
Refunded	-	-
Conditions met-to be recovered	<b>1,220,995</b>	<b>(14,480,575)</b>

Housing grants was utilised for the development of erven and the erection of top structures, paid by the Provincial Government.

<b>25.06 National Electrification Programme</b>	<b>2018</b>	<b>2017</b>
	<b>R</b>	<b>R</b>
Opening balance	-	-
Grants received	10,000,000	8,000,000
Conditions met - Capital	(10,000,000)	(8,000,000)
Conditions met-	-	-
The National Electrification Grant was used for electrical connections in previously disadvantaged areas.		
<b>25.07 LGSETA Grant</b>		
Opening balance	1	1
Grants received	345,084	317,150
Conditions met - Operating	(345,084)	(317,150)
Conditions still to be met	1	1
The grant was received from the National Treasury for the construction of a Desalination Plant to assist us in drought situations .		
<b>25.08 FIRE SERVICES CAPACITY GRANT</b>		
Opening balance	-	-
Grants received	1,450,000	-
Conditions met - Operating	(1,450,000)	-
Conditions met	-	-
Municipal Disaster Recovery Grant [Schedule 5B] received from the Provincial Government for disaster support		
<b>25.09 FINANCIAL MANAGEMENT CAPACITY GRANT</b>		
Opening balance	120,000	-
Grants received	240,000	340,000
Conditions met - Operating	(157,312)	(220,000)
Conditions met - Capital	-	-
Conditions still to be met	202,688	120,000
The Grant was received from Provincial Government to assist with the implementation of Performance Management in the Municipality.		
<b>25.10 Community Development Workers</b>		
Opening balance	-	-
Grants received	19,000	19,000
Conditions met - Operating	(5,375)	(19,000)
Conditions still to be met	13,625	-
The grant was received from the Provincial Department of Local Government and Housing to assist with the operating cost of the CDW program.		
<b>25.11 Library Grant</b>		
Opening balance	-	372,873
Grants received	1,800,000	1,604,000
Conditions met - Operating	(1,800,000)	(1,860,136)
Conditions met - Capital	-	(116,737)
Conditions still to be met	-	-
The grant was received from the Provincial Department of Local Government to assist with the operating cost of libraries. The funds should be used to assist with the appointment of temporary staff and literacy projects. No funds were withheld.		
<b>25.12 Municipal Replacement Grant</b>		
Opening balance	(1)	287,304
Grants received	8,605,000	8,226,000
Conditions met - Operating	(7,440,244)	(6,868,187)
Conditions met - Capital	(556,740)	(1,645,118)
Conditions still to be met	608,014	(1)
This grant was received as a contribution for the operational cost of the libraries		
<b>25.13 Proclaimed Roads Maintenance</b>		
Opening balance	-	-
Grants received	1,589,000	2,754,000
Conditions met - Operating	(1,589,000)	(2,754,000)
Conditions met-to be recovered	-	-
This subsidy was for maintenance on main roads , belonging to the Western Cape Government		
<b>25.14 Financial Management Capacity Support Grant-Drought</b>		
Opening balance	-	32,447
Grants received	1,800,000	-
Conditions met - Operating	-	(9,704)
Conditions met - Capital	(1,800,000)	(22,743)
Conditions met-to be recovered	-	-

<b>25.15 Thusong Sentrum</b>	<b>2018</b>	<b>2017</b>
	<b>R</b>	<b>R</b>
Opening balance	-	-
Grants received	-	100,000
Conditions met - Operating	-	(100,000)
Conditions met - Capital	-	-
Conditions met-to be recovered	-	-
	<b>-</b>	<b>-</b>
<b>25.16 Financial Management Support Grant</b>		
Opening balance	-	-
Grants received	1,000,000	700,000
Conditions met - Operating	(1,000,000)	(200,000)
Conditions met - Capital	-	(500,000)
Conditions met-to be recovered	-	-
	<b>-</b>	<b>-</b>
<b>25.17 Local Government Graduate Internship Grant</b>		
Opening balance	60,000	-
Grants received	66,000	60,000
Conditions met - Operating	(50,976)	-
Conditions met - Capital	-	-
Conditions met-	<b>75,024</b>	<b>60,000</b>
<b>25.18 National Disaster Management Grant</b>		
Opening balance	-	-
Grants received	10,920,000	-
Conditions met - Operating	-	-
Conditions met - Capital	(10,920,000)	-
Conditions met-to be recovered	-	-
	<b>-</b>	<b>-</b>
<b>25.19 Financial Management Support Grant m SCOA</b>		
Opening balance	-	-
Grants received	330,000	-
Conditions met - Operating	(330,000)	-
Conditions met - Capital	-	-
Conditions met-to be recovered	-	-
	<b>-</b>	<b>-</b>
<b>25.20 Funding for asset replacement</b>		
Opening balance	-	-
Grants received	2,595,375	-
Unconditional - Operating	(2,595,375)	-
	<b>-</b>	<b>-</b>
Funding donated from various stakeholders from the Public to replace assets		
<b>25.21 Fire Disaster public funding</b>		
Opening balance	272,196	-
Grants received	8,170	-
Unconditional - Operating	(280,366)	-
	<b>-</b>	<b>-</b>
This refers to Public Funds received i.r.o the Fire Disasters during June 2017		
<b>25.22 Total Grants</b>		
Opening balance	(11,746,588)	9,747,606
Grants received	192,487,194	159,274,162
Conditions met - Operating	(124,727,987)	(100,180,469)
Conditions met - Capital	(51,016,531)	(80,860,082)
Unconditional - Operating	(2,875,741)	-
Conditions still to be met/(Grant expenditure to be recovered)	<b>2,120,348</b>	<b>(12,018,783)</b>
<u>Disclosed as follows:</u>		
Unspent Conditional Government Grants and Receipts	2,120,348	2,461,792
Unpaid Conditional Government Grants and Receipts	-	(14,480,576)
	<b>2,120,348</b>	<b>(12,018,781)</b>
<b>26 PUBLIC CONTRIBUTIONS AND DONATIONS</b>		
Sundries	-	149,111
	<b>-</b>	<b>149,112</b>



27	SERVICE CHARGES	2018 R	2017 R
	Electricity charges	134,531,897	136,933,400
	Water charges	77,541,594	57,985,400
	Refuse removal charges	43,276,737	39,676,935
	Sewerage and Sanitation Charges	75,112,920	66,429,620
		<hr/>	<hr/>
	Less: Rebates	330,463,148 (52,151,467)	301,025,354 (49,354,808)
	<b>Total Service Charges</b>	<b>278,311,680</b>	<b>251,670,547</b>
		<hr/>	<hr/>

Rebates can be defined as any income that the Municipality is entitled by law to levy, but which has subsequently been forgone by way of rebate or remission.

The method to determined rebates and subsidized services has changed since the previous year in the sense that rebates and discounts which were previously treated as revenue forgone and discounted in the tariffs ,are now levied at full tariffs and rebates and subsidies are then credited to the beneficiaries who have qualified for rebates and subsidies.

28	OPERATIONAL REVENUE		
	Breakages and Losses Recovered	3,989	139
	Call Out Fees	-	1,634
	Collection Charges	56,558	435,400
	Discounts and Early Settlements	345,084	-
	Landing Fees	962,333	284,951
	Lost Library items	-	3,040
	Signage	-	2
	Staff Recoveries	31,501	-
	Administrative Handling Fees	627	11
	Incidental Cash Surpluses	-	1,711
	Commission	-	125,058
	Third party payments	1,543,288	624,257
	<b>Total Operational Revenue</b>	<b>2,943,380</b>	<b>1,476,204</b>
		<hr/>	<hr/>

29	SALES OF GOODS AND RENDERING OF SERVICES		
	Building Plan Fees	3,001,470	2,554,625
	Boarding Services -Staff	433,194	-
	Cleaning and Removal	-	1,504,380
	Clearance Certificates	-	106,120
	Cemetery Fees	31,337	29,950
	Consumables	-	2,509
	Entrance Fees	209,818	49,825
	Fire fighting fees	113,210	1,384,335
	Fuel sales	2,146,414	2,878,198
	Landing Fees	-	29,320
	Parking Fees	41,032	-
	Photocopies and Faxes	-	30,305
	Street Markets (Informal Traders)	390	-
	Town Planning Fees	419,480	467,796
	Tender documents	99,922	75,188
	Valuation Rolls	-	6,716
	Valuation Services	-	2,400
		<hr/>	<hr/>
	<b>Total</b>	<b>6,496,267</b>	<b>9,121,668</b>
		<hr/>	<hr/>

**EMPLOYEE RELATED COSTS**

	2018 R	2017 R
Salaries and Wages	121,532,183	111,402,373
Contributions to UIF and pensions	19,108,722	17,922,262
Medical Aid contributions	14,592,897	13,268,748
Overtime payments	9,378,983	9,620,470
Bonuses	8,405,851	7,341,132
Travelling Allowance and subsistence and other Allowances	9,145,789	11,347,167
Housing Benefits and Allowance	1,229,261	1,045,018
Contributions to Leave	2,727,010	4,874,973
Contributions to Group Insurance	3,680,014	3,333,642
Standby Allowance	2,347,572	3,203,896
Contribution to Long Service awards	1,370,939	3,060,555
Current service cost	676,668	389,726
Interest Cost	472,925	274,634
Actuarial Gains and Losses	221,346	2,396,195
Contribution to Post Employment Medical	3,782,295	7,316,779
Current Service Cost	9,660,278	7,696,513
Interest Cost	9,303,276	8,081,925
Actuarial Gains and Losses	(15,181,259)	(8,461,659)
Performance Bonus	630,539	348,738

**Total Employee Related Costs**

<b>197,932,053</b>	<b>194,085,752</b>
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**KEY MANAGEMENT PERSONNEL**

The Municipal Manager and Directors are appointed on 5-year fixed contracts. There are no post-employment or termination benefits payable to them at the end of the contract period.

**REMUNERATION OF KEY MANAGEMENT PERSONNEL****Remuneration of the Municipal Manager****Mr TC Ndlovu (period 6 February - 30 June 2017)**

Annual Remuneration	1,013,882	381,411
Allowance	255,412	97,684
Travelling Allowance	264,000	106,832
Telephone allowance	60,000	24,250
Contributions to UIF, Medical, Pension Funds and Bargaining Council	17,304	782
<b>Total</b>	<b>1,610,599</b>	<b>610,959</b>

**Remuneration of the Acting Municipal Manager****Mr JB Douglas (period 8 January 2018 - 31 March 2018)**

Remuneration	376,469	
<b>Total</b>	<b>376,469</b>	

**Remuneration of the Director Infrastructure and Technical Services****Me P Ngqumshe (period 1 July - 30 November 2017)**

Annual Remuneration	343,203	768,369
Allowance	240,521	533,818
Telephone allowance	11,500	27,600
Travelling Allowance	55,000	132,000
Leave	75,347	-
Contributions to UIF, Medical, Pension Funds and Bargaining Council	81,630	157,648
<b>Total</b>	<b>807,202</b>	<b>1,619,434</b>

**Remuneration of the Director Infrastructure and Technical Services****Mr MJ Rhode (period 1 June - 30 June 2018)**

Annual Remuneration	81,818	-
Travelling Allowance	5,200	-
Contributions to UIF, Medical, Pension Funds and Bargaining Council	1,017	-
<b>Total</b>	<b>88,035</b>	<b>-</b>

**Remuneration of the Director Corporate Services****Mr R Smit**

Annual Remuneration	-	561,716
Annual Bonus	-	119,195
Acting Allowance	-	26,483
Travelling Allowance	-	54,000
Telephone allowance	-	13,800
Contributions to UIF, Medical, Pension Funds and Bargaining Council	-	102,047
Leave	-	127,602
<b>Total</b>	<b>-</b>	<b>1,004,844</b>

<b>Remuneration of the Director Corporate Services</b>		<b>2018</b>	<b>2017</b>
<b>Me VJ Mbelani (period 01/05/2017-30/06/2017)</b>		<b>R</b>	<b>R</b>
Annual Remuneration		741,238	111,721
Other Allowance		185,974	29,269
Bonus		32,585	
Travelling Allowance		127,500	25,000
Telephone allowance		60,000	10,000
Contributions to UIF, Medical, Pension Funds and Bargaining Council		13,024	313
<b>Total</b>		<b>1,160,320</b>	<b>176,303</b>
<b>Remuneration of the Director Community Services</b>			
<b>Mr MG Stratu (period 1 July 2016-28 February 2017)</b>			
Annual Remuneration	-		815,895
Annual Bonus	-		-
Allowance	-		25,883
Acting Allowance	-		3,545
Telephone allowance	-		18,400
Travelling Allowance	-		-
Contributions to UIF, Medical, Pension Funds and Bargaining Council	-		-
Leave	-		108,462
<b>Total</b>	<b>-</b>		<b>972,185</b>
<b>Remuneration of the Chief Financial Officer</b>			
<b>Mr FM Lötter (period 1 July 2016- 31 August 2016)</b>			
Annual Remuneration	-		236,707
Acting Allowance	-		-
Travelling Allowance	-		39,430
Telephone allowance	-		18,400
Leave	-		277,298
Contributions to UIF, Medical, Pension Funds and Bargaining Council	-		5,336
Severance Benefit	-		1,001,257
<b>Total</b>	<b>-</b>		<b>1,578,428</b>
<b>Remuneration of the Chief Financial Officer</b>			
<b>Mr BV Mkhafa (period 01/05/2017 - 30 June 2017)</b>			
Annual Remuneration	833,589		129,530
Other Allowance	209,220		32,927
Bonus	37,776		
Travelling Allowance	144,000		24,000
Telephone allowance	60,000		10,000
Contributions to UIF, Medical, Pension Funds and Bargaining Council	14,441		313
	<b>1,299,026</b>		<b>196,770</b>
<b>Remuneration of the Director : Strategic Services</b>			
<b>Mr D Friedman</b>			
Annual Remuneration	892,882		831,421
Allowance	232,188		219,252
Annual Bonus	93,079		-
Acting Allowance	9,518		153,992
Travelling Allowance	240,000		240,000
Telephone allowance	27,600		27,600
Contributions to UIF, Medical, Pension Funds and Bargaining Council	41,650		25,336
	<b>1,536,917</b>		<b>1,497,601</b>

31

**REMUNERATION OF COUNCILLORS**

Executive Mayor	834,192	762,060
Deputy Executive Mayor	632,363	622,497
Speaker	50,690	609,417
Mayoral Committee Members	1,316,358	1,174,141
Councillors	3,204,726	2,191,721
<b>Total Councillors' Remuneration</b>	<b>6,038,330</b>	<b>5,359,837</b>

**In-kind Benefits**

The Councillors occupying the positions of Executive Mayor, Deputy Executive Mayor, Speaker and Executive Mayoral Committee Members of the Municipality serve in a full-time capacity. They are provided with office accommodation and secretarial support at the expense of the Municipality in order to enable them to perform their official duties. The Executive Mayor is also provided with official transport for public duties.

32

**(IMPAIRMENT LOSS ) / REVERSAL OF IMPAIRMENT LOSS ON RECEIVABLES**

Receivables from exchange transactions	26,478,865	12,485,454
Receivables from non- exchange transactions	40,353,740	20,539,043
<b>Total Contribution to Debt Impairment</b>	<b>66,832,605</b>	<b>33,024,498</b>
Less: Portion Relating to VAT	(3,453,506)	(1,533,301)
<b>Debt impairment recognised in statement of financial performance</b>	<b>63,379,098</b>	<b>31,491,196</b>

		2018 R	2017 R
33	<b>BAD DEBTS WRITTEN OFF</b>		
	Receivables from exchange transactions	15,430,002	5,895,431
	Receivables from non- exchange transactions -Rates	306,290	120,782
	Receivables from non- exchange transactions -Traffic Fines	15,605,065	
		<b>31,341,357</b>	<b>6,016,213</b>
34	<b>DEPRECIATION AND AMORTISATION</b>		
	Property Plant and Equipment	30,501,302	24,857,171
	Investment Property	538	538
	Intangible Assets	98,369	90,848
	Capitalized Restoration Cost		
		<b>30,600,210</b>	<b>24,948,557</b>
35	<b>(IMPAIRMENT LOSS) / REVERSAL OF IMPAIRMENT LOSS ON FIXED ASSETS</b>		
	Property Plant & Equipment		187,896
	Intangible Assets		
		<b>-</b>	<b>187,896</b>
36	<b>FINANCE COSTS</b>		
	Annuity Loans	15,573,801	14,753,681
	Finance leases	102,457	279,664
	Landfill restoration cost	1,981,574	2,135,217
	<b>Total finance charges</b>	<b>17,657,832</b>	<b>17,168,561</b>
37	<b>BULK PURCHASES</b>		
	Electricity bulk	107,091,556	104,253,188
	<b>Total Bulk Purchases</b>	<b>107,091,556</b>	<b>104,253,188</b>
38	<b>CONTRACTED SERVICES</b>		
	<b>Outsourced Services</b>	16,125,172	14,035,441
	Alien Vegetation Control	-	236,764
	Burial Services	71,100	63,530
	Catering Services	486,990	1,037,778
	Cleaning Services	20,340	89,899
	Clearing and Grass Cutting Services	1,241,677	121,100
	Connection/Dis-connection	-	107,969
	Drivers Licence Cards	246,762	-
	Electricity	380,448	-
	Hygiene Services	9,045	-
	Illegal Dumping	-	343,550
	Litter Picking and Street Cleaning	196,347	18,750
	Meter Management	1,077,954	-
	Personnel and Labour	167,722	-
	Removal of Structures and Illegal Signs	63,945	-
	Security Services	9,048,606	9,397,255
	Sewerage Services	215,450	211,706
	Traffic Fines Management	2,721,001	1,942,346
	Translators, Scribes and Editors	-	67,359
	Transport Services	60,768	397,433
	Water Takers	117,018	-
	<b>Contractors</b>	<b>13,470,565</b>	<b>10,711,944</b>
	Audio-visual Services	-	3,614
	Artists and Performers	-	69,212
	Auctioneers	-	56,169
	Catering Services	626,539	-
	Chipping	-	308,160
	Event Promoters	-	107,188
	Electrical	328,021	-
	Fire Protection	933,422	1,438,335
	First Aid	12,766	-
	Forestry	161,696	-
	Haulage	1,985,402	4,899,198
	Maintenance of Buildings and Facilities	2,406,640	406,993
	Maintenance of Equipment	2,026,101	188,672
	Maintenance of Unspecified Assets	3,669,091	3,126,961

Pest Control and Fumigation	154,223	89,697
Photographer	1,159,304	17,745
Plants, Flowers and Other Decorations	7,362	-
<b>Consultant and Professional Fees</b>	<b>38,666,064</b>	<b>47,663,954</b>
Accounting and Auditing	2,391,158	1,509,023
Aeronautical	37,833	-
Architectural	492,820	-
Audit Committee	111,434	-
Business and Financial Management	656,858	7,407,378
Civil	21,817,890	32,243,753
Collection	112,888	-
Electrical	4,430	-
Human Resources	1,053,554	-
Legal Advice and Litigation	6,257,984	6,319,717
Medical Examinations	17,935	19,959
Occupational Health and Safety	122,999	-
Project Management	1,886,426	-
Quality Control	2,239,473	-
Research and Advisory	706,984	164,124
Town Planner	174,027	-
Valuer and Assessors	433,130	-
Water	148,243	-
<b>Total Contracted Services</b>	<b>68,261,801</b>	<b>72,411,339</b>

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#### OPERATIONAL COST

Advertising	1,532,522	617,543
Assets below threshold	105,545	-
Audit Fees	2,398,201	2,063,911
Bank Charges	2,936,938	2,235,864
Bursaries	437,218	630,688
Communication	32,000	100,215
Community Development Projects	-	456,096
Congresses and Seminars	1,736,369	450,001
Corporate Branding	-	34,741
Courier and Delivery Services	49,528	-
Drivers Licence & Permit Cost	-	47,718
Electricity Pre Paid Vendors Commissions	681,170	912,716
Entertainment	113,257	272,265
Events & Festivals	-	13,692
External Newsletters	-	42,697
Fleet Management System	-	241,580
Fuel	7,309,044	4,175,573
General Clean-up	-	261,600
Gift and Promotions	73,571	-
Grant Funded Projects	-	344,730
Hire	8,542,588	5,737,488
Insurance	1,784,234	843,354
Licence Fees	3,385,259	2,525,526
Learnerships and Internships	8,816,452	-
Materials and Stores	-	4,229
Mayoral events and projects	-	201,840
Other	328,720	996,071
Postage	815,848	51,551
Printing and Stationary	27,844	123,638
Protective Clothing	1,576,647	1,392,663
Refuse Recycling	-	24,431
Rent: Other	-	197,649
Repairs	-	782,764
Skills Development Levy	57,183	1,703,756
Subscription and Membership Fees	2,160,593	2,011,876
Systems support	3,606,288	2,930,915
Telecommunication	1,653,501	1,981,812
Travelling and Subsistence	1,172,661	2,554,318
Training	-	1,176,651
Union Representative	84,107	87,665
Ward Committees	544,467	241,561
<b>Total Operational Cost</b>	<b>51,961,755</b>	<b>38,471,385</b>

#### 40 CORRECTION OF ERRORS IN TERMS OF GRAP 3

##### Prior year adjustments due to non-compliance with Accounting policy and errors

- 40.01 (a) During 2013 annual levies were incorrectly credited against the debtors control account in the General Ledger. This error is now retrospectively corrected with the following entries : (Ct) Accumulated Surplus- (prior years) R1 662 368 (Dt) Trade and Other Receivables from Exchange Transactions R1 356 299 (Dt) Receivables from None Exchange Transactions R306 069
- (b) With the tendering process to rehabilitate the closed landfill site, Department of Water Affairs has demanded a new design with the result that the rehabilitation provision was incorrectly under provided in the past. This is now corrected with the following entries : (Dt) Accumulated Surplus-(prior years) R7 307 580, (Dt) Accumulated Surplus-(current year) Finance charges R1 882 363.82 (Ct) Provisions R9 189 943
- (c) During the assets verification process, it was found that land was transferred to the municipality effective from the previous year but not capitalized. These assets are now recognised at cost with the following entries: (Dt) Property, Plant and Equipment - Land R4 205 000 and (Ct) Accumulated Surplus prior year R4 205 000

##### 40.02 Accumulated Surplus

###### Balance previously reported

Correction of error -see note 40,01(a)

Correction of error -see note 40,01(b)

Correction of error -see note 37,01(c)

###### Restated balance 30/06/2017

2017 R	2016 R
771,056,971	700,612,173
1,662,368	1,662,368
(9,189,943)	(7,307,580)
4,205,000	
<u>767,734,396</u>	<u>694,966,961</u>

##### 40.03 Trade and Other Receivables from Exchange Transactions

###### Balance previously reported

Correction of error -see note 40,01(a)

###### Restated balance 30/06/2017

32,929,838	29,666,510
1,356,299	1,356,299
<u>34,286,137</u>	<u>31,022,809</u>

##### 40.04 Receivables from non-exchange transactions

###### Balance previously reported

Correction of error -see note 40,01(a)

###### Restated balance 30/06/2017

22,587,722	17,945,886
306,069	306,069
<u>22,893,791</u>	<u>18,251,955</u>

##### 40.05 Property Plant and Equipment

###### Balance previously reported

Correction of error -see note 40,01(c)

###### Restated balance 30/06/2017

944,124,212	850,663,106
4,205,000	-
<u>948,329,212</u>	<u>850,663,106</u>

##### 40.06 Provisions

###### Balance previously reported

Correction of error -see note 40,01(b)

###### Restated balance 30/06/2017

14,553,336	15,391,540
9,189,943	7,307,580
<u>23,743,279</u>	<u>22,699,119</u>

##### 40.07 Statement of Financial Performance

###### Balance previously reported

Correction of error -see note 40,01(b)

Finance Costs

###### Restated balance 30/06/2017

2017 R	2016 R
88,444,798	
(1,882,364)	
(1,882,364)	
<u>86,562,434</u>	-

#### 41 RE-CLASSIFICATIONS IN TERMS OF GRAP 1.49

The Municipal Regulations on Standard Chart of Accounts (mSCOA) came into effect on 1 July 2017. The municipality has realigned some items in the financial statements with item segments of mSCOA. The result of this process was a reclassification and naming of items in the financial statements. The reclassifications of 2017 audited amounts are summarised as follows:

RE-CLASSIFICATIONS-STATEMENT OF FINANCIAL PERFORMANCE	Now reported 2017 R	Previously reported 2017 R
<b>REVENUE</b>		
<b>Revenue from Non-exchange Transactions</b>		
<b>Taxation Revenue</b>		
Property taxes	112,519,143	112,556,121
<b>Transfer Revenue</b>		
Government Grants and Subsidies-capital	81,804,891	81,804,891
Government Grants and Subsidies-operational	100,363,103	100,363,103
Public Contributions and Donations	149,111	993,370
Contributed Property,Plant and Equipment	94,753	94,753
<b>Other Revenue</b>		
Actuarial Gains	-	8,461,659
Fines, Penalties and Forfeits	29,935,122	29,231,854
Interest,Dividends and Rent on Land	-	-
Licences and Permits	-	-
Third Party Payments	-	624,257
		-
<b>Revenue from Exchange Transactions</b>		
Service Charges	251,670,547	250,094,254
Rental from Fixed Assets	1,683,224	-
Rental of Facilities and Equipment	-	1,462,374
Interest Earned - external investments	10,366,703	10,366,703
Interest Earned - outstanding receivables	6,816,522	6,816,522
Interest,Dividends and Rent on Land	-	-
Agency Services	1,518,035	1,518,035
Other Income	-	11,508,665
Operational Revenue	1,476,204	-
Stock Adjustments	-	35,689
Sales of Goods and Rendering of Services	9,121,668	-
Gain on disposal of PPE	-	801,408
Licences and Permits	210,965	210,965
<b>EXPENDITURE</b>		
Employee related costs	194,085,751	189,893,260
Remuneration of Councillors	5,359,837	5,359,837
Bad Debts Written-off	6,016,213	6,016,213
Collection Cost	-	778,590
Debt Impairment	-	31,491,196
Depreciation and Amortisation	24,948,555	24,948,555
Impairments/Write-Offs	-	187,896
Inventory Consumed	13,802,345	-
Interest,Dividends and Rent on Land	-	-
Actuarial losses	-	2,396,195
Finance Costs	15,286,198	23,642,757
Bulk Purchases	104,253,188	104,253,188
Contracted Services	72,411,339	34,305,104
Transfers and Subsidies	8,818,667	4,000,000
Operating Leases	2,863,547	-
Operational Cost	38,471,385	-
Loss on Disposal of PPE	-	2,126,172
General Expenses	-	99,100,863
Inventories:(Write-down)/ Reversals to Net Realisable Value	(826,148)	-
(Impairment Loss)/Reversal of Impairment Loss on Receivables	31,491,196	-
(Impairment Loss)/Reversal of Impairment Loss on Fixed Assets	187,896	-
(Gains/Loss) on Sale of Fixed Assets	1,324,764	-
Water Losses	790,459	-



<b>41.01 Property taxes</b>	<b>2017</b>
<b>Balance previously reported</b>	<b>112,556,121</b>
Transfer from General Expenditure	(36,977)
<b>Restated balance 30/06/2017</b>	<b>112,519,143</b>
<b>Previously reported</b>	
<b>Rateable Land and Buildings</b>	
Residential, Industrial, Rural and Other	102,060,356
Commercial	8,536,123
State	1,959,642
	<b>112,556,121</b>
<b>Now reported</b>	
<b>Rateable Land and Buildings</b>	
Residential, Industrial, Rural and Other	102,023,379
Commercial	8,536,123
State	1,959,642
	<b>112,519,143</b>
<b>41.02 Actuarial Gains</b>	<b>-</b>
<b>Balance previously reported</b>	<b>8,461,659</b>
Transfer to Employee Cost	(8,461,659)
<b>Restated balance 30/06/2017</b>	<b>-</b>
<b>41.03 Public Contributions and Donations</b>	
<b>Balance previously reported</b>	<b>993,370</b>
Transfer to Service Charges	(993,370)
Transfer from Other Income	149,111
<b>Restated balance 30/06/2017</b>	<b>149,111</b>
<b>Previously reported</b>	
Augmentation Fees: Electricity	621,663
Augmentation Fees: Water	14,140
Augmentation Fees: Sewerage	357,568
	<b>993,370</b>
<b>Now reported</b>	
Contributions	149,111
	<b>149,110</b>
<b>41.04 Fines, Penalties and Forfeits</b>	
<b>Balance previously reported</b>	<b>29,231,854</b>
Transfer from Other Income	703,268
<b>Restated balance 30/06/2017</b>	<b>29,935,122</b>
<b>41.05 Third Party Payments</b>	
<b>Balance previously reported</b>	<b>624,257</b>
Transfer to Operational Revenue	(624,257)
<b>Restated balance 30/06/2017</b>	<b>-</b>
<b>41.06 Service Charges</b>	
<b>Balance previously reported</b>	<b>250,094,254</b>
Transfer from Other Income	582,922
Transfer from Public Contributions and Donations	993,370
<b>Restated balance 30/06/2017</b>	<b>251,670,546</b>
<b>Previously reported</b>	
Electricity charges	135,846,450
Water charges	57,922,395
Refuse removal charges	39,634,629
Sewerage and Sanitation Charges	66,045,588
	299,449,062
Less: Rebates	(49,354,808)
	<b>250,094,254</b>
<b>Reported now</b>	
Electricity charges	136,933,400
Water charges	57,985,400
Refuse removal charges	39,676,935
Sewerage and Sanitation Charges	66,429,620
	301,025,354
Less: Rebates	(49,354,808)
	<b>251,670,547</b>

<b>41.07 Rental from Fixed Assets</b>	<b>2017</b>
<b>Balance previously reported</b>	-
Transfer from Rental of Facilities and Equipment	1,462,374
Transfer from Other Income	220,850
<b>Restated balance 30/06/2017</b>	<b>1,683,224</b>
<b>41.08 Rental of Facilities and Equipment</b>	
<b>Balance previously reported</b>	<b>1,462,374</b>
Transfer to Rental from Fixed Assets	(1,462,374)
<b>Restated balance 30/06/2017</b>	<b>-</b>
<b>41.09 Other Income</b>	
<b>Balance previously reported</b>	<b>11,508,665</b>
Transfer to Sales of Goods and Rendering of Services	(9,121,668)
Transfer to Operational Revenue	(851,947)
Transfer to Rental From Fixed Assets	(220,850)
Transfer to Public Contributions and Donations	(149,111)
Transfer to Service Charges	(582,922)
Transfer to Contracted Services	121,100
Transfer to Fines, Penalties and Forfeits	(703,268)
<b>Restated balance 30/06/2017</b>	<b>-</b>
<b>Previously reported</b>	
Boat Launching Fees	102,802
Building Plan Fees	2,549,624
Call Out Fees	1,634
Cemetery Fees	29,950
Collection Fees recovered	435,596
Connection Fees	319,084
Conservancy Fees	1,501,205
Fire fighting fees	1,384,335
Fuel sales	2,877,960
Landing Fees	284,951
List of building plans	5,001
Mayoral Golf Day	49,825
Penalties : Damaged Meters	52,943
Pre paid unblocking fee	24,107
Re/disconnections	43,288
Services Connections	153,905
Town Planning Fees	467,076
Wheelie Bins Sales	42,307
Sundries.	1,183,072
	<b>11,508,665</b>
<b>41.10 Operational Revenue</b>	
<b>Balance previously reported</b>	-
Transfer from Third Party Payments	624,257
Transfer from Other Income	851,947
<b>Restated balance 30/06/2017</b>	<b>1,476,204</b>
<b>41.11 Stock Adjustments</b>	
<b>Balance previously reported</b>	<b>35,689</b>
Transfer to Inventory Consumed	(35,689)
<b>Restated balance 30/06/2017</b>	<b>-</b>
<b>41.12 Inventories:(Write-down)/ Reversals to Net Realisable Value</b>	
<b>Balance previously reported</b>	-
Transfer from Stock adjustments	35,689
Transfer to Water Losses	790,459
<b>Restated balance 30/06/2017</b>	<b>826,148</b>
<b>41.13 Water Losses</b>	
<b>Balance previously reported</b>	-
Transfer from Inventories:(Write-down)/ Reversals to Net Realisable Value	790,459
<b>Restated balance 30/06/2017</b>	<b>790,459</b>

<b>41.14 Sales of Goods and Rendering of Services</b>	<b>2017</b>
Balance previously reported	-
Transfer from Other Income	9,121,668
<b>Restated balance 30/06/2017</b>	<b>9,121,668</b>
<b>41.15 Gain on disposal of PPE</b>	
Balance previously reported	<b>801,408</b>
Transfer to Gains/Loss on Sale of Fixed Assets	(801,408)
<b>Restated balance 30/06/2017</b>	<b>-</b>
<b>41.16 Employee related costs</b>	
Balance previously reported	<b>189,893,260</b>
Transfer from Actuarial Gains	(8,461,659)
Transfer from Actuarial Losses'	2,396,195
Transfer from Finance Charges	8,356,559
Transfer from General Expenditure	1,901,397
<b>Restated balance 30/06/2017</b>	<b>194,085,752</b>
<b>Previously reported</b>	
Salaries and Wages	109,500,975
Contributions to UIF and pensions	17,922,262
Bonuses	7,341,132
Performance Bonus	348,738
Overtime payments	9,620,470
Standby Allowance	3,203,896
Travelling Allowance and subsistence and other Allowances	11,347,167
Housing Benefits and Allowance	1,045,018
Medical Aid contributions	13,268,748
Contributions to Group Insurance	3,333,642
Contributions to Leave	4,874,973
Contribution to Post Employment Medical	7,696,513
Contribution to Long Service awards	389,726
	<b>189,893,260</b>
<b>Reported now</b>	
Salaries and Wages	111,402,373
Contributions to UIF and pensions	17,922,262
Medical Aid contributions	13,268,748
Overtime payments	9,620,470
Bonuses	7,341,132
Travelling Allowance and subsistence and other Allowances	11,347,167
Housing Benefits and Allowance	1,045,018
Contributions to Leave	4,874,973
Contributions to Group Insurance	3,333,642
Standby Allowance	3,203,896
Contribution to Long Service awards	3,060,555
Contribution to Post Employment Medical	7,316,779
Performance Bonus	348,738
	<b>194,085,752</b>
<b>41.17 Collection Cost</b>	
Balance previously reported	<b>778,590</b>
Transfer to Contracted Services	(778,590)
<b>Restated balance 30/06/2017</b>	<b>-</b>
<b>41.18 Debt Impairment</b>	
Balance previously reported	<b>31,491,196</b>
Transfer to (Impairment Loss) Reversal of Impairment Loss on receivables	(31,491,196)
<b>Restated balance 30/06/2017</b>	<b>-</b>
<b>41.19 (Impairment Loss) Reversal of Impairment Loss on receivables</b>	
Balance previously reported	-
Transfer from Debt Impairment	31,491,196
<b>Restated balance 30/06/2017</b>	<b>31,491,196</b>
<b>41.20 Impairments/Write-Offs</b>	
Balance previously reported	<b>187,896</b>
Transfer to (Impairment Loss) Reversal of Impairment Loss on fix assets	(187,896)
<b>Restated balance 30/06/2017</b>	<b>-</b>

<b>41.21 (Impairment Loss) Reversal of Impairment Loss on fix assets</b>	<b>2017</b>
Balance previously reported	-
Transfer to (Impairment Loss) Reversal of Impairment Loss on fix assets	187,896
<b>Restated balance 30/06/2017</b>	<b>187,896</b>
<b>41.22 (Gains/Loss) on Sale of Fixed Assets</b>	
Balance previously reported	-
Transfer from Loss on disposal of PPE	801,408
Transfer from Gain on disposal of PPE	(2,126,172)
<b>Restated balance 30/06/2017</b>	<b>(1,324,764)</b>
<b>41.23 Inventory Consumed</b>	
Balance previously reported	-
Transfer from General Expenses	13,802,345
<b>Restated balance 30/06/2017</b>	<b>13,802,345</b>
<b>41.24 Actuarial losses</b>	
Balance previously reported	2,396,195
Transfer to Employee Cost	(2,396,195)
<b>Restated balance 30/06/2017</b>	<b>-</b>
<b>41.25 Finance Costs</b>	
Balance previously reported	23,642,757
Transfer to Employee Cost	(8,356,559)
<b>Restated balance 30/06/2017</b>	<b>15,286,198</b>
<b>41.26 Contracted Services</b>	
Balance previously reported	34,305,104
Transfer to Operational Cost	(2,513,249)
Transfer from Collection Cost	778,590
Transfer from Other Income	121,100
Transfer from General Expenses	39,719,793
<b>Restated balance 30/06/2017</b>	<b>72,411,338</b>
<b>41.27 Transfers and Subsidies</b>	
Balance previously reported	4,000,000
Transfer from General Expenses	4,818,667
<b>Restated balance 30/06/2017</b>	<b>8,818,667</b>
<b>41.28 Operating Leases</b>	
Balance previously reported	-
Transfer from General Expenses	2,863,547
<b>Restated balance 30/06/2017</b>	<b>2,863,547</b>
<b>41.29 Loss on Disposal of PPE</b>	
Balance previously reported	2,126,172
Transfer to Gains/(Loss) on Sale of Fixed Assets	(2,126,172)
<b>Restated balance 30/06/2017</b>	<b>-</b>
<b>41.30 General Expenses</b>	
Balance previously reported	99,100,863
Transfer to Contracted Services	(39,719,793)
Transfer to Employee Cost	(1,901,397)
Transfer to Inventory Consumed	(13,802,345)
Transfer to Operating Leases	(2,863,547)
Transfer to Property Tax	(36,977)
Transfer to Transfers and Subsidies	(4,818,667)
Transfer to Operational Cost	(35,958,137)
<b>Restated balance 30/06/2017</b>	<b>-</b>
<b>Previously reported</b>	
Advertising	617,543
Audit Fees	2,158,288
Bank Charges	2,235,864
Blue Flag Facilities	40,495
Bursaries	1,569,688
Chemicals	1,757,466

Communication	100,215
Community Development Projects	2,786,198
Congresses and Seminars	747,598
Connection Fees - Services	110,923
Consulting and Professional Fees	4,384,586
Corporate Branding	34,741
Disaster Relief	1,429,823
Drivers Licence & Permit Cost	47,718
Electricity Pre Paid Vendors Commissions	912,716
Electricity Supply	702
Entertainment	346,200
Events & Festivals	1,796,943
External Newsletters	42,697
Fleet Management System	241,580
Fuel	4,175,573
General Clean-up	819,208
Grant Funded Projects	5,976,625
Hire & Maintenance	2,983,810
Hire of Vehicles	767,792
Housing Projects	17,818,511
Insurance	843,354
Laboratory Fees	164,124
Legal Expenses	5,541,127
Licence Fees	2,525,526
Materials and Stores	5,954,022
Mayoral events and projects	2,501,655
Membership fees SALGA	1,894,889
Pest Control	89,697
Postage	51,551
Printing and Stationary	952,513
Protective Clothing	1,392,663
Refuse Recycling	432,181
Rent: Other	2,293,404
Skills Development Levy	1,703,756
Subscription and Membership Fees	116,987
Subsidized Services	36,977
Systems support	480,839
TASK contribution	123,155
Telecommunication	1,981,812
Telemetry Systems	21,440
Training	1,294,999
Travelling and Subsistence	2,554,318
Vehicle Operating Cost	2,894,972
Ward Committees	241,561
Water supply purchase	958,668
Wheelie Bins	419,880
Other	7,731,295
<b>Total General Experiences</b>	<b>99,100,863</b>

#### 41.31 Operational Cost

<b>Balance previously reported</b>	-
Transfer from General Expenses	35,958,137
Transfer from Contracted Services	2,513,249
<b>Restated balance 30/06/2017</b>	<b>38,471,385</b>

#### RE-CLASSIFICATIONS-STATEMENT OF FINANCIAL POSITION

#### 41.32 Payables from Exchange Transactions

<b>Balance previously reported</b>	<b>67,786,568</b>
Transfer to Consumer Deposits	(67,210)
Transfer to Trade and Other Payables from Exchange Transactions	(67,719,359)
<b>Restated balance 30/06/2017</b>	<b>-</b>

#### 41.33 Trade and Other Payables from Exchange Transactions

<b>Balance previously reported</b>	-
Transfer from Payables from Exchange Transactions	67,719,359
<b>Restated balance 30/06/2017</b>	<b>67,719,359</b>

#### 41.34 Consumer Deposits

<b>Balance previously reported</b>	<b>6,224,457</b>
Transfer from Payables from Exchange Transactions	67,210
<b>Restated balance 30/06/2017</b>	<b>6,291,667</b>

42	<b>RECONCILIATION BETWEEN NET SURPLUS FOR THE YEAR AND CASH GENERATED/(ABSORBED) BY OPERATIONS</b>	<b>2018</b>	<b>2017</b>
		<b>R</b>	<b>R</b>
	Surplus for the year	62,842,124	86,562,434
	<b>Adjustments for:</b>		
	Depreciation	30,501,841	24,857,707
	Amortisation of Intangible Assets	98,369	90,848
	Asset Impairment	-	187,896
	Contributed Property, Plant and Equipment	-	(94,753)
	Grants received	192,487,194	161,173,215
	Grants recognised as revenue	(178,620,260)	(182,167,993)
	Gains/(Loss) on Sale of Fixed Assets	3,697,898	1,324,764
	(Impairment Loss)/Reversal of Impairment Loss on Receivables	63,379,098	31,491,196
	Bad Debts Written-off	31,341,357	6,016,213
	Contribution to employee benefits-current	2,882,439	3,963,031
	Contribution from/to employee benefits-non current	2,306,601	7,958,732
	Contribution to non current provision	492,191	
	Provisions	600,000	1,044,160
	Stock Adjustment		(35,689)
	Water Losses	2,262,599	790,459
	Inventories:(Write-down)/ Reversals to Net Realisable Value	(2,919,744)	(790,459)
	Operating lease income accrued	(37,622)	(66,866)
	Operating lease expenses accrued	64,243	(130,511)
	Operating Surplus before changes in working capital	211,378,329	142,174,385
	Changes in working capital	(97,225,510)	(24,607,337)
	(Decrease)/Increase in Payables from Exchange Transactions	6,850,176	22,772,846
	Increase in Taxes	(5,448,828)	594,743
	Decrease in Inventory	(1,606,934)	(2,562,353)
	(Increase) in Trade and other receivables	(97,019,924)	(45,412,572)
	<b>Cash generated by operations</b>	<b>114,152,819</b>	<b>117,567,048</b>
43	<b>CASH AND CASH EQUIVALENTS</b>		
	Cash and cash equivalents included in the cash flow statement comprise the following:		
	Call Investments Deposits - Note 23	81,314,177	53,010,079
	Cash Floats - Note 23	15,180	12,020
	Bank - Note 23	59,483,835	73,033,220
	<b>Total cash and cash equivalents</b>	<b>140,813,192</b>	<b>126,055,319</b>
44	<b>RECONCILIATION OF AVAILABLE CASH AND INVESTMENT RESOURCES</b>	<b>2018</b>	<b>2017</b>
		<b>R</b>	<b>R</b>
	Investments	6,852,559	6,102,365
	Cash and Cash Equivalents - Note 43	140,813,192	126,055,319
		147,665,751	132,157,684
	Non -available cash	15,360,736	14,269,655
	Consumer Deposits	7,996,388	6,291,666
	Unspent Committed Conditional Grants - Note 10	2,120,348	2,461,793
	DBSA -Nedbank collateral	5,244,000	5,244,000
	Unspent Public Contributions	-	272,196
	<b>Resources available for working capital requirements</b>	<b>132,305,015</b>	<b>117,888,028</b>
45	<b>UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION</b>		
	Long-term Liabilities - Note 3	161,234,098	148,524,403
	Used to finance property, plant and equipment - at cost	(161,234,098)	(148,524,403)
		-	-
	Cash set aside for the repayment of long-term liabilities	-	-
	<b>Cash invested for repayment of long-term liabilities</b>	<b>-</b>	<b>-</b>
	Long-term liabilities have been utilized in accordance with the Municipal Finance Management Act.		

	2018 R (Actual)	2018 R (Budget)	2018 R (Variance)	2018 (%)
<b>46.01 Operational</b>				
<b>Revenue by source</b>				
Property taxes	121,810,210	122,534,667	(724,457)	-0.59%
Government Grants and Subsidies-capital	51,016,531	50,200,000	816,531	1.63%
Government Grants and Subsidies-operational	127,603,728	131,942,781	(4,339,053)	-3.29%
Public Contributions and Donations	-	-	-	0.00%
Fines, Penalties and Forfeits	52,036,131	23,024,470	29,011,661	126.00%
Fines written off-recovered	7,702,196	-	7,702,196	100.00%
Interest,Dividends and Rent on Land	1,963,169	-	1,963,169	100.00%
Service Charges	278,311,680	296,389,175	(18,077,495)	-6.10%
Rental from Fixed Assets	1,102,477	10,033,600	(8,931,123)	-89.01%
Interest Earned - external investments	12,303,972	8,501,560	3,802,412	44.73%
Interest Earned - outstanding receivables	6,025,214	5,434,941	590,273	10.86%
Agency Services	1,664,737	1,319,100	345,637	26.20%
Operational Revenue	2,943,380	1,907,420	1,035,960	54.31%
Sales of Goods and Rendering of Services	6,496,267	7,019,291	(523,024)	-7.45%
Licences and Permits	572,313	6,314,200	(5,741,887)	-90.94%
	<b>671,552,006</b>	<b>664,621,205</b>	<b>6,930,801</b>	<b>1.04%</b>
<b>Expenditure by nature</b>				
Employee related costs	197,932,052	211,863,540	(13,931,488)	-6.58%
Remuneration of Councillors	6,038,330	6,143,107	(104,777)	-1.71%
Bad Debts Written-off	31,341,357	-	31,341,357	100.00%
Depreciation and Amortisation	30,600,210	27,174,655	3,425,555	12.61%
Inventory Consumed	21,493,294	21,653,616	(160,322)	-0.74%
Finance Costs	17,657,832	15,571,993	2,085,839	13.39%
Bulk Purchases	107,091,556	104,120,200	2,971,356	2.85%
Contracted Services	68,261,801	91,310,078	(23,048,277)	-25.24%
Transfers and Subsidies	5,775,956	5,833,000	(57,044)	-0.98%
Operating Leases	4,043,104	4,292,179	(249,075)	-5.80%
Operational Cost	51,961,755	63,650,673	(11,688,918)	-18.36%
	<b>542,197,247</b>	<b>551,613,041</b>	<b>(9,415,794)</b>	<b>-1.71%</b>
<b>Operating Surplus</b>	<b>129,354,758</b>	<b>113,008,164</b>	<b>16,346,594</b>	<b>0</b>
Inventories:(Write-down)/ Reversals to Net Realisable Value	(2,919,744)	35,100	(2,954,844)	-8418.36%
(Impairment Loss)/Reversal of Impairment Loss on Receivables	63,379,098	21,437,088	41,942,010	195.65%
(Impairment Loss)/Reversal of Impairment Loss on Fixed Assets	-	-	-	0.00%
(Gains/Loss) on Sale of Fixed Assets	3,790,681	(751,920)	4,542,601	-604.13%
Water Losses	2,262,599	-	2,262,599	100.00%
<b>Net Surplus for the year</b>	<b>62,842,124</b>	<b>92,287,896</b>	<b>(29,445,772)</b>	<b>-31.91%</b>
	<b>2018 R (Actual)</b>	<b>2018 R (Budget)</b>	<b>2018 R (Variance)</b>	<b>2018 (%)</b>
<b>46.02 Expenditure by Vote</b>				
<i>Material variances are considered for variances larger than R6 million</i>				
Community Services	200,618,163	160,125,000	40,493,163	25.29%
Corporate Services	30,919,797	37,550,000	(6,630,203)	-17.66%
Council	6,536,140	6,916,000	(379,860)	-5.49%
Financial Services	58,896,357	68,926,000	(10,029,643)	-14.55%
Municipal Services and Infrastructure Development	258,731,003	243,873,000	14,858,003	6.09%
Office of the Municipal Manager	22,476,245	30,364,000	(7,887,755)	-25.98%
Strategic Services	27,549,422	25,332,000	2,217,422	8.75%
	<b>605,727,127</b>	<b>573,086,000</b>	<b>32,641,127</b>	<b>5.70%</b>
<b>Reasons for variances: see note 59</b>				
	<b>2018 R (Actual)</b>	<b>2018 R (Budget)</b>	<b>2018 R (Variance)</b>	<b>2018 (%)</b>
<b>46.03 Capital expenditure by vote</b>				
<i>Material variances are considered for variances larger than R6 million</i>				
Community Services	18,315,072	17,896,673	418,399	2.34%
Corporate Services	167,988	1,230,597	(1,062,609)	-86.35%
Council	-	-	-	0.00%
Financial Services	2,398,126	2,040,000	358,126	17.56%
Strategic Services	388,780	1,924,000	(1,535,220)	-79.79%
Municipal Services and Infrastructure Development	91,792,155	98,904,730	(7,112,575)	-7.19%
	<b>113,062,121</b>	<b>121,996,000</b>	<b>(8,933,879)</b>	<b>-7.32%</b>
<b>Reasons for variances: see note 59</b>				



47 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED

2018  
R

2017  
R

47.01 Unauthorised expenditure

Reconciliation of unauthorised expenditure:

Opening balance  
Unauthorised expenditure current year - capital  
Unauthorised expenditure current year - operating  
Written off by council  
Unspent Grants not cash backed

-  
776,524  
57,568,588

-  
  
-

Unauthorised expenditure awaiting authorisation

58,345,112

-

2018  
R

2017  
R

47.02 Fruitless and wasteful expenditure

Reconciliation of fruitless and wasteful expenditure:

Opening balance  
Fruitless and wasteful expenditure current year  
Written off by Council  
Fruitless and wasteful expenditure awaiting further action

305,950  
-  
(305,950)  
-

262,200  
43,750  
-  
305,950

Incident	Disciplinary steps/criminal proceedings
<i>Interest payed on overdue account Sentraal - Suid Koop</i>	
<i>Interest payed on overdue account ABSA Fleet Management</i>	
<i>Interest payed on overdue account ESKOM</i>	

(386) 386

(43,101) 43,101

(263) 263

(43,750) 43,750

#### 47.03 Irregular expenditure

Reconciliation of irregular expenditure:

Opening balance	16,781,473	1,618,307
Irrecoverable by Council	(16,616,164)	
Irregular expenditure current year	16,714,207	15,163,166
Irrecoverable by Council	(480,673)	
Irregular expenditure awaiting further action	<b>16,398,843</b>	<b>16,781,473</b>

Incident	Disciplinary steps/criminal proceedings	2018 R	2017 R
Contract awarded to a contractor in which a newly appointed member of staff had an interest	Council referred to MPAC		45,075
Legal Fees for Conveyancing of Subsidised Housing- Not procured in terms of SCM Policy from Nandi Bulabula	Condoned by Council		833,878
Legal Fees for Conveyancing of Subsidised Housing- Not procured in terms of SCM Policy from Mosdel Pama Cox	Condoned by Council		739,354
Legal Fees for Property Transfer Fees of Low-Cost Houses in favour of Nandi BulaBula	Condoned by Council		248,850
Rental of Office Accommodation beyond the contract end date without extending the contract in terms of MFMA Section 116(3) from Homeplett Properties	Condoned by Council		248,711
Rental of Office Accommodation beyond the contract end date without extending the contract in terms of MFMA Section 116(3) from Homeplett Properties	Condoned by Council		91,584
Rental of Office Accommodation beyond the contract end date without extending the contract in terms of MFMA Section 116(3) from Homeplett Properties	Condoned by Council		35,496
Procurement not on lowest acceptable quote from Shekyna Projects	Condoned by Council		15,000
Procurement not on lowest acceptable quote from Shekyna Projects	Condoned by Council		24,000
Procurement not on lowest acceptable quote from Igabaka Trading	Condoned by Council		24,000
Procurement not on lowest acceptable quote from S'phetezona Trading & Investments Trading	Condoned by Council		6,000
Procurement not on lowest acceptable quote from S'phetezona Trading & Investments Trading	Condoned by Council		18,600
Procurement not on lowest acceptable quote from Azoma Trading	Condoned by Council		4,950
Legal Fees for Property Transfer Fees of Low-Cost Houses in favour of Nandi BulaBula	Condoned by Council		90,900
Legal Fees for Property Transfer Fees of Low-Cost Houses in favour of Mosdel Pama	Condoned by Council		162,081
Legal Fees for Property Transfer Fees of Low-Cost Houses in favour of Mosdel Pama	Condoned by Council		10,469
Legal Fees for Property Transfer Fees of Low-Cost Houses in favour of Nandi BulaBula	Condoned by Council		56,210
The procurement of Pest Control & Hygiene Services without following a Competitive Bidding process in terms of Section 19 of the SCM Policy from Rentokill.	Condoned by Council		101,934
The continued procurement of Conveyancing Services for Low Cost Houses without following due procurement process from Mosdel, Pama & Cox Attorneys. The AG has already re-classified similar transactions during	Condoned by Council		144,307
The procurement of forensic investigation services without complying with Section 19 of the SCM Policy or the Regulations on Financial Misconduct from DE SWART VOGEL MYAMBO ATTORNEYS.	Condoned by Council		1,054,854
Rental of Office Accommodation beyond the contract end date without extending the contract in terms of MFMA Section 116(3) in favour of Home Plett Properties	Reported to Council		31,035
Rental of Office Accommodation beyond the contract end date without extending the contract in terms of MFMA Section 116(3) in favour of Home Plett Properties	Condoned by Council		263,442

<i>The continued procurement of legal services without following procurement processes in terms of Section 19 of the SCM Policy from Hutchinson, Du Plessis, Robin &amp; Stoloff Attorneys. The AG re-classified expenditure related to legal services as Irregular Expenditure for the 2015/16 financial year and this approach is consistent.</i>	<i>Condoned by Council</i>		516,133
<i>The continued procurement of a Performance Management System without following procurement processes in terms of Section 19 of the SCM Policy from Ignite Advisory Services (Pty) Ltd. The CFO &amp; MM did not approve application to deviate in terms of Section 36 of the SCM Policy.</i>	<i>Condoned by Council</i>		557,498
<i>The procurement of Debt Collection services without following a Competitive Bidding Process as per Section 19 of the SCM Policy from Mosdel Pama Cox. The AG has already re-classified similar transactions during 2015/16 as Irregular Expenditure</i>	<i>Condoned by Council</i>		627,156
<i>The procurement of professional services for the drafting of a Youth Development Plan without following a procurement process in terms of Section 18 of the SCM Policy from Musole Business Partners. The Deviation considered and approved by the Accounting Officer deemed inadequate.</i>	<i>Condoned by Council</i>		60,000
<i>The continued procurement of Conveyancing Services for Low Cost Houses without following due procurement processes from Mosdell, Pama &amp; Cox Attorneys. The AG has already re-classified similar transactions during 2015/16 as Irregular Expenditure</i>	<i>Condoned by Council</i>		790,500
<i>Rental of Office Accommodation beyond the contract end date without extending the contract in terms of MFMA Section 116(3) from Remax</i>	<i>Condoned by Council</i>		235,456
<i>The procurement of Debt Collection services without following a Competitive Bidding Process as per Section 19 of the SCM Policy from Mosdel Pama Cox. The AG has already re-classified similar transactions during 2015/16 as Irregular Expenditure</i>	<i>Condoned by Council</i>		144,307
<i>Procurement of Rental Vehicle for M van Rooyen without following due SCM Process from Avis</i>	<i>Reported to Council</i>		16,936
<i>Procurement of Rental Vehicle for Ndongeni without following due SCM Process from Avis</i>	<i>Condoned by Council</i>		7,550
<i>Procurement of Rental Vehicle for Wienand without following due SCM Process from Avis</i>	<i>Condoned by Council</i>		7,460
<i>Procurement of Rental Vehicle, Toyota Quest, for M van Rooyen without following due SCM Process from Avis</i>	<i>Condoned by Council</i>		1,145
<i>Procurement of Rental Vehicle, Toyota Quest, for M van Rooyen without following due SCM Process from Avis</i>	<i>Condoned by Council</i>		10,619
<i>Procurement of Rental Vehicle, Toyota Quest, for M van Rooyen without following due SCM Process from Avis</i>	<i>Condoned by Council</i>		10,717
<i>Procurement of Rental Vehicle for Executive Mayor without following due SCM Process from AVIS</i>	<i>Condoned by Council</i>		30,521
<i>Procurement of Rental Vehicle for Executive Mayor without following due SCM Process from AVIS</i>	<i>Condoned by Council</i>		6,930
<i>Procurement of Rental Vehicle for Executive Mayor without following due SCM Process from AVIS- OR Tambo 09-13 March 2017</i>	<i>Condoned by Council</i>		5,951
<i>Procurement of Events &amp; Catering Services from the Dunes, by Mr Smuts Mhana without following due SCM Process</i>	<i>Condoned by Council</i>		6,750

Procurement of Events & Catering Services from the Dunes, by Mr Smuts Mhana without following due SCM Process	Condoned by Council		4,289
The procurement of Debt Collection services without following a Competitive Bidding Process as per Section 19 of the SCM Policy from Mosdel Pama Cox. The AG has already re-classified similar transactions during 2015/16 as Irregular Expenditure	Condoned by Council		76,016
The procurement of events and catering services from various service providers without complying with Section 16 of the SCM Policy in terms of a Voucher Book System	Condoned by Council		10,410
The procurement of events and catering services from various service providers without complying with Section 16 of the SCM Policy in terms of a Voucher Book System	Condoned by Council		51,925
The procurement of events and catering services from various service providers without complying with Section 16 of the SCM Policy in terms of a Voucher Book System	Condoned by Council		5,240
The procurement of events and catering services from various service providers without complying with Section 16 of the SCM Policy in terms of a Voucher Book System	Condoned by Council		9,079
The procurement of events and catering services from various service providers without complying with Section 16 of the SCM Policy in terms of a Voucher Book System	Condoned by Council		3,552
The procurement of events and catering services from various service providers without complying with Section 16 of the SCM Policy in terms of a Voucher Book System	Condoned by Council		2,468
The repeated procurement of professional consultancy services on an open-ended contract in terms of a deviation from the requirements of the SCM Policy from Ingerop	Condoned by Council		82,326
The repeated procurement of professional consultancy services on an open-ended contract in terms of a deviation from Ingerop	Condoned by Council		358,504
The procurement of DJ Services for Heritage Day from Ivani Communications without obtaining 3 quotations as per Section 17 of the SCM Policy	Condoned by Council		27,900
The procurement of Debt Collection services without following a Competitive Bidding Process as per Section 19 of the SCM Policy from Mosdel Pama Cox. The AG has already re-classified similar transactions during 2015/16 as Irregular Expenditure	Reported to Council		72,263
The procurement of forensic investigation services without complying with Section 19 of the SCM Policy or the Regulations on Financial Misconduct from DE SWART VOGEL MYAMBO ATTORNEYS.	Condoned by Council		1,729,097
The procurement of events and catering services from various service providers without complying with Section 16 of the SCM Policy in terms of a Voucher Book System	Condoned by Council		98,782
SOUTHERN CAPE FIRE PROTECTION ASS. Procurement without following due process.	Condoned by Council		6,430
SPORTS CENTRE Procurement without following due process.	Condoned by Council		2,312
JANSEN'S TRAVEL Procurement without following due process.	Condoned by Council		14,700

AIR LIQUIDE Procurement without following due process.	Condoned by Council		4,794
AGITO MINDS Procurement without following due process.	Condoned by Council		4,939
Procurement of Rental Vehicle for M Gqodwana in Mayors Office without following due SCM Process from Avis	Condoned by Council		3,964
Ukhana Projects CC- SCM/2017/112/STRAT- Only 2 quotes were obtained from which the provider scored the highest in functionality.  Not identified in deviations register.	Condoned by Council		97,431
SCM/2017/51/COMM Weatherpruff Products Supplier is the only bid that was submitted. Not identified in deviations register.	Condoned by Council		129,000
SCM/2017/118/ENG SJ Jacobs t/a Velisas Projects and Maintenance Supplier is the only bid that was submitted. Not identified in deviations register..	Condoned by Council		140,868
SCM/2017/87/ENG Northfield Engineering (Pty) Ltd Supplier is the only bid that was submitted. Not identified in deviations register..	Condoned by Council		170,083
SCM/2017/07/FIN Incledon (Pty) Ltd Tender documentation does not specify minimum threshold for local production and content and no BBD 6.2 Local Content declaration form submitted by the supplier	Condoned by Council		14,916
SCM/2017/07/FIN Take Note Trading 245 CC Tender documentation does not specify minimum threshold for local production and content and no BBD 6.2 Local Content declaration form submitted by the supplier	Condoned by Council		70,369
SCM/2017/100/COMM Experts on the Go (Pty)Ltd Tender documentation specifies minimum threshold for local production and content, but no BBD 6.2 Local Content declaration form submitted by the supplier	Condoned by Council		26,000
No lease agreement on record between the Municipality and Mowana Properties for the lease of the Library Premises at Melvilles Corner Building for the period 01 August 2016 to 30 June 2017	Condoned by Council		685,161
The procurement of goods from MRGS Group (Pty) without submitting the award to the Bid Adjudication Committee for consideration and award	Condoned by Council		151,535
The Procurement of Security Services for Bitou Municipal Properties by Shelf Plett 40 CC t/a Isolomzi Security after the expiry of the contract on 30 June 2017, for the period 01 July to 31 December 2016	Condoned by Council		5,398,264
The Procurement of T-Shirts from Sphetezona Trading & Investments in non-compliance with the Minimum Local Content Requirements in terms of Preferential Procurement Regulation 9	Condoned by Council		42,500

Grant Transfer by the Executive Mayor to Morester Family Funeral Services in terms of Donation to Mbele without following the appropriate process required in terms of Section 67 of the MFMA	Reported to Council	5,800	
Grant Transfer by the Executive Mayor to Morester Family Funeral Services in terms of Donation to Philander without following the appropriate process required in terms of Section 67 of the MFMA	Reported to Council	6,500	
The procurement of Decoration Services at the Nelson Mandela Day event and the Launch of the 100 day Programme from Wash for Joy. The director of the service provider is in the employ of the Bitou Municipality, therefore procurement in contravention of Section 45 of the SCM Policy	Reported to Council	9,500	
Grant Transfer by the Executive Mayor in terms of a donation towards the burial of Doreen Krige without following the appropriate process required in terms of Section 67 of the MFMA	Reported to Council	3,000	
Expenditure incurred in respect of Accommodation at O'Hanna's B&B for Lungile Mxube without obtaining 3 quotations as required in terms of Section 17 of the SCM Policy and no application to Deviate from the requirements of Section 36(1) of the Policy	Reported to Council	17,000	
Expenditure incurred in respect of Accommodation at LA Boheme B&B for Lungile Mxube without obtaining 3 quotations as required in terms of Section 17 of the SCM Policy and no application to Deviate from the requirements of Section 36(1) of the Policy	Reported to Council	3,400	
Expenditure incurred in respect of Accommodation at LA Boheme B&B for Z Wayile without obtaining 3 quotations as required in terms of Section 17 of the SCM Policy and no application to Deviate from the requirements of Section 36(1) of the Policy	Reported to Council	2,550	
Expenditure incurred for the provision of security alarm systems by ADT Security Alarms after failing to timeously commence with the procurement process in lieu of an expiring contract	Reported to Council	51,516	
The procurement of a rental vehicle from Eco Car Hire for the Executive Mayor, repeatedly on a two-week cycle for longer than 6 weeks, after undue delays experienced with the processing of an insurance claim. The expenditure incurred in terms of weeks 7-8 (28 Sept-12 October 2017) deemed irregular expenditure as the delays lead to the splitting of procurement in order to avoid a Formal Written Price Quotation process.	Reported to Council	27,538	
Procurement of Legal Services from Bradley, Conradie, Halton & Cheadle in the review matter of the arbitration award of LMR Ngqogo without following a competitive bidding process as required per Section 19 of the SCM Policy	Reported to Council	57,946	
The procurement of public transport services from Nocezo M Transport for the participants in a two-day NACOSA Workshop, from Kranshoek to Kwano without obtaining 3 quotations in terms of Section 16 of the SCM Policy	Reported to Council	3,000	
Grant Transfer by the Executive Mayor to Azoma Trading for catering services at the Youth Crime Prevention Desk Week without following the appropriate process required in terms of Section 67 of the MFMA.	Reported to Council	20,000	
Grant Transfer by the Executive Mayor to Mzwandile J Melane for transporting people to a funeral from Plett to Alice without following the appropriate process required in terms of Section 67 of the MFMA.	Reported to Council	14,000	
Grant Transfer by the Executive Mayor to Selanto Xolani for transporting people to a funeral from Plett to Dimbaza without following the appropriate process required in terms of Section 67 of the MFMA.	Reported to Council	18,000	
Grant Transfer by the Executive Mayor to Landu Taxi Services for transporting people to a funeral from Plett to PE without following the appropriate process required in terms of Section 67 of the MFMA.	Reported to Council	8,000	
Procurement of Legal Services without following a competitive bidding process as required in terms of Section 19 of the SCM Policy from Mosdell, Pama & Cox Attorneys	Reported to Council	489,981	

Procurement of Legal Services without following a competitive bidding process as required in terms of Section 19 of the SCM Policy from Stadler & Swart Attorneys	<i>Reported to Council</i>	107,166	
Procurement of Legal Services without following a competitive bidding process as required in terms of Section 19 of the SCM Policy from Hutchinson, Du Plessis, Robin & Stoloff	<i>Reported to Council</i>	184,911	
Grant Transfer by the Executive Mayor for the burial of John Merwin Wildeman without following the appropriate process as required by Section 67 of the MFMA	<i>Reported to Council</i>	6,000	
Procurement of catering services from Look-Out Deck Restaurant without obtaining 3 quotations as required in terms of Section 16 of the SCM Policy	<i>Reported to Council</i>	8,939	
Procurement of catering services from Look-Out Deck Restaurant without obtaining 3 quotations as required in terms of Section 16 of the SCM Policy	<i>Reported to Council</i>	16,820	
Procurement of catering services from Look-Out Deck Restaurant without obtaining 3 quotations as required in terms of Section 16 of the SCM Policy	<i>Reported to Council</i>	1,379	
Procurement of placement of advertisement for the Request for Nomination of external members to serve on the Bitou Municipal Planning Tribunal in the George Herald by the Group Editors Company, without obtaining 3 quotations as per Section 16 of the SCM Policy. The application to deviate from the requirements were only submitted after the services have been procured.	<i>Reported to Council</i>	3,891	
Procurement of placement of advertisement for the Request for Nomination of external members to serve on the Bitou Municipal Planning Tribunal in the George Herald by the Group Editors Company, without obtaining 3 quotations as per Section 16 of the SCM Policy. The application to deviate from the requirements were only submitted after the services have been procured.	<i>Reported to Council</i>	2,890	
Procurement of catering services from LM in Plett Restaurant without obtaining 3 quotations as required in terms of Section 16 of the SCM Policy, for Organizational Redesign & Workstudy Councillors Workshop.	Reported to Council	2,030	
The procurement of a rental vehicle from Eco Car Hire for the Executive Mayor, repeatedly on a two-week cycle for longer than 12 weeks, after undue delays experienced with the processing of an insurance claim. The expenditure incurred in terms of weeks 9-10 (12-26 October 2017) deemed irregular expenditure as the delays lead to the splitting of procurement in order to avoid a Formal Written Price Quotation process.	Reported to Council	27,538	
Rental of Chemical Toilets at Beacon Way Trading Site from S'Phethezoni Trading Investments CC after failing to timeously failing to renew the contract or obtaining 3 quotations in term of Section 16 of the SCM Policy.	Reported to Council	2,400	
Rental of Chemical Toilets at Beacon Way Trading Site from S'Phethezoni Trading Investments CC after failing to timeously failing to renew the contract or obtaining 3 quotations in term of Section 16 of the SCM Policy.	Reported to Council	2,400	
Mayoral intervention grant transfer for Burial. GJ Dick. Morester Family Funeral Services, without following the appropriate process required in terms of Section 67 of the MFMA	Reported to Council	5,800	
Attending a Fraud & Corruption Conference without following a Procurement Process, hosted by Spectacular Training & Conferences in Cape Town over 09-10 November 2017	Reported to Council	7,969	
The procurement of Labour Law Training Services from Global Business Solutions without obtaining 3 quotations as required in terms of Section 17 of the SCM Policy	Reported to Council	12,760	



The procurement of Catering Services for the Provincial Public Participation & Communication Forum Meeting, at The Dunes without following the appropriate procurement processess.	Reported to Council	19,200	
The procurement of Catering Services for the Provincial Public Participation & Communication Forum Meeting, at The Dunes without following the appropriate procurement processess.	Reported to Council	14,700	
The procurement of Catering Services for the Ward Committee Workshop and End of Year Function, at The Dunes without following the appropriate procurement processess.	Reported to Council	25,600	
Placing of Municipal Notice regarding the Proposed Rezoning of Erf 2104, without obtaining 3 quotations, in the What's New in Plett, published by the Printshop	Reported to Council	2,632	
Placing of Municipal Notice regarding the Subdivision and Removal of Restrictive Tittle deed Conditions of Erf 10192 PB, without obtaining 3 quotations in the What's New in Plett, published by the Printshop.	Reported to Council	2,975	
The procurement of a rental vehicle from Eco Car Hire for the Executive Mayor, repeatedly on a two-week cycle for longer than 12 weeks, after undue delays experienced with the processing of an insurance claim. The expenditure incurred in terms of weeks 11-12 (27 October to 10 November 2017) deemed irregular expenditure as the delays lead to the splitting of procurement in order to avoid a Formal Written Price Quotation process.	Reported to Council	27,538	
The continued procurement of legal services for the transfer of subsidised housing units to beneficiaries without following a competitive bidding process from Nandi Bulabula Attorneys	Reported to Council	170,840	
The procurement of the publication of a recruitment notice for the vacancy of the Office of the HOD Community Services, Advert Notice 251/2017 from Human Communication (Pty) Ltd, without complying with the conditions of a Formal Written Price Quotation in terms of Sections 17 & 18 of the SCM Policy.	Reported to Council	33,600	
The procurement of Day and Night Security at the Private Residence of the Executive Mayor without a formal security assessment or following the appropriate competitive bidding processess from Blue Bay Guards.	Reported to Council	355,680	
The procurement of Pest Control and Hygiene Services to all Municipal departments without following a competitive bidding process	Condoned by Council	145,022	
Registration Fee for the attendance of the Leadership Development for Men and their role in Social Transformation Conference presented by Intelligence Transfer Centre CC in Johannesburg over 28-29 November 2017	Reported to Council	7,979	
The procurement of performance-related services & systems from IGNITE without following a competitive bidding process, including: 1. The Provision of Individual Performance Management Software; 2. The Monthly Hosting, Compliance Assist User, iComply User, SDBiP User, as well as Data Storage Fees for the period July - November 2017; 3. Drafting and Reporting of the Annual & Annual Performance Reports.	Condoned by Council - R 281 216. Balance to be reported to Council	476,670	
Placing of Municipal Notice regarding the Bossiesgif Qolweni Development Proposal without obtaining 3 quotations in the Bitou News, published by the Printshop	Reported to Council	3,078	
Transfer of Grant Funding to Plett Tourism for Local Events & Initiatives Support in contravention of 67 of the MFMA and without Approval by Council	Reported to Council	325,000	
Rental of Stage for 16 December Switching-on of Christmas Lights Event without advertising for at least 7 days on Website or Notice Boards from K2 Squared	Reported to Council	35,500	

Expenditure incurred for the provision of security alarm systems by ADT Security Alarms after failing to timeously commence with the procurement process in lieu of an expiring contract	Reported to Council	107,094	
The Provision of Legal Services in the urgent labour-related matter of BLM vs Senior Managers by Bradley Conradie Halton Cheadle without following a competitive bidding process	Reported to Council	246,331	
The procurement of Legal Services in various legal matters from Mosdell Pama Cox without following a competitive bidding process	Reported to Council	85,935	
The procurement of Legal Services in various legal matters from Hutchinson, Du Plessis, Robin & Stoloff without following a competitive bidding process	Reported to Council	171,652	
Placing of Municipal Notice regarding the Removal of Restrictive Conditions of Erf 181, Natures Valley without obtaining 3 quotations in the What's New in Plett, published by the Printshop	Reported to Council	2,975	
Placing of Municipal Notice regarding the use of Portion 98 of Farm 444, Plett Summer Festival, without obtaining 3 quotations in the What's New in Plett, published by the Printshop	Reported to Council	2,700	
Placing of Municipal Notice regarding the use of Portion 98 of Farm 444, Plett Summer Festival, without obtaining 3 quotations in the What's New in Plett, published by the Printshop	Reported to Council	2,804	
The Provision of Legal Services for the review of settlement agreements on behalf of Manager- HR by Bradley Conradie Halton Cheadle without obtaining 3 quotations or following a competitive bidding process	Reported to Council	37,615	
The procurement of Legal Services from Hutchinson, Du Plessis, Robin & Stoloff without following a competitive bidding process for legal services in the AB Umale matter	Reported to Council	15,332	
The procurement of Legal Services from Hutchinson, Du Plessis, Robin & Stoloff without following a competitive bidding process for legal services in the AB Umale & Plett Rage matters	Reported to Council	25,991	
The procurement of conference facilities & services from the Dunes for the Inter-Provincial SDF Forum as well as a Networking Session on 23 -24 November 2017, without following the requirements of Sections 17 & 18 of the SCM Policy	Reported to Council	79,500	
The procurement of Legal Services in various legal matters from Mosdell Pama Cox without following a competitive bidding process for December 2016	Reported to Council	106,969	
Procurement of Asbestos Surveying of Fire Damaged Buildings as after the June fires without following the process required in terms of Section 17 & 18 of the SCM Policy. An application for a deviation was deemed unacceptable.	Condoned by Council	54,435	
The appointment of a Legal Advisor in the matter of BLM vs MEC for Local Government immediately after receiving an instruction to dismiss the CFO, BV Mkhafa and Head of Corporate Services, VJ Mbelani without following a Formal Written Price Quotation process as required in terms of Section 17 & 18 of Supply Chain Policy. Due to the urgency of the matter, it was impractical and impossible to follow the authorised procurement process.	Reported to Council	81,989	

The appointment of a Legal Advisor in the matter of BLM vs Municipal Manager, TC Ndlovu, and Head of Corporate Services, VJ Mbelani without following a competitive bidding process as required in terms of Section 19 Supply Chain Policy. Due to the limited timeframe allowed by the Regulations, it was impractical and impossible to follow the authorised procurement process	Reported to Council	234,494	
The appointment of a Legal Advisor in the matter of BLM vs Municipal Manager, TC Ndlovu, and Head of Corporate Services, VJ Mbelani without following a competitive bidding process as required in terms of Section 19 Supply Chain Policy. Due to the limited timeframe allowed by the Regulations, it was impractical and impossible to follow the authorised procurement process	Reported to Council	402,559	
Training on LIC by SAVE without following due process	Reported to Council	28,956	
The procurement of advertisement space in the Media 24 Group of newspapers for the posts of the HOD's Engineering & Community Services., without following due process as required by Sections 17 & 18 of the SCM Policy	Reported to Council	47,880	
Conversion of fixed frame windows into open windows for ventilation of Offices 65, 66, 67 & 68 at Melville's Corner without obtaining 3 quotations as required per Section 17 of the SCM Policy, from Kuyakhana Glass (Pty) Ltd	Reported to Council	15,893	
Legal Fees for Property Transfer Fees of Low-Cost Houses in favour of Mosdell Pama	Reported to Council	180,387	
Repair of window frame and glazing at Kranshoek Library without obtaining 3 quotations as required per Section 16 of the SCM Policy from Shauna's Glass	Reported to Council	2,671	
Grant transfer for the Mayoral Easter Tournament to the Bitou Sports Council without complying with Section 67 of the MFMA	Reported to Council	400,000	
Procurement of training services as Peace Officers for officials in the Office of the Mayor without obtaining 3 quotations as required per Section 16 of the SCM Policy, from Molao Academy	Reported to Council	5,554	
The procurement of a rental car for M Gqodwana for the period 18 July to 18 August 2017 without obtaining 3 quotations as required per Section 17 of the SCM Policy, from Avis Rent A Car	Reported to Council	18,679	
Procurement of Newspaper publication services from U Print via a single quotation for for 3 different placements at respectively R 1 600; R 920 & R 920, with a total of R 3 440. In terms of Section 16(2) of the SCM Policy the procurement required 3 quotations. Quotations were only sourced from a single potential service provider on 05 March 2018 against sequenced quotation numbers, who was subsequently instructed to publish the advertisements. In terms of Section 12(3) of the SCM Policy, the procurement of goods and services must not deliberately be split into parts of a lesser value merely to avoid complying with the requirements of the Policy.	Reported to Council	3,440	
The procurement of maintenance & support services for the Collaborator system after failing to timely commence with a competitive bidding process as undertaken in the deviation application made in 2017, as required per Section 19 of the SCM Policy	Reported to Council	333,897	
Procurement of Newspaper publication services from The Printshop for publication in the Whats New, via a single quotation for 4 different placements at R 6 156 in total. In terms of Section 16(2) of the SCM Policy the procurement required 3 quotations. Quotations were only sourced from a single potential service provider against sequenced quotation numbers, who was subsequently instructed to publish the advertisements. In terms of Section 12(3) of the SCM Policy, the procurement of goods and services must not deliberately be split into parts of a lesser value merely to avoid complying with the requirements of the Policy.	Reported to Council	6,156	

Legal Services in the matter BLM vs T Ndlovu without following a competitive bidding process in terms of Section 19 of the SCM Policy	Reported to Council	88,405	
Legal services rendered in various matters without following a competitive bidding process	Reported to Council	54,538	
The procurement of forensic investigation services without complying with Section 19 of the SCM Policy or the Regulations on Financial Misconduct from DE SWART VOGEL MYAMBO ATTORNEYS.	Reported to Council	464,836	
The Project Manager failed to ensure that the service provider, Shorts Nissan, adhere to the terms of the contract by sub-contracting works. Also that the Project Manager failed to ensure that the service provider only provide parts from an OEM and only added the mark-up to any price that the BLM might have paid if we had direct dealings with such an OEM.	Reported to Council	11,617	
Procurement of learnership programme from a sole accredited service provider in terms of Section 17 & 18 of the Policy before applying to deviate from the requirements of the SCM policy, as well as implementing a contract signed by an official (P Sebezo) not duly delegated	Reported to Council	68,566	
Lease agreement for the Green Valley TV transmission tower equipment without following a competitive bidding process.	Reported to Council	17,800	
Procurement of funeral services for a private individual who was neither a pauper nor registered as an indigent	Reported to Council	3,000	
Procurement of Newspaper publication services for publication of a Municipal Notice, via a single quotation. In terms of Section 16(2) of the SCM Policy the procurement required 3 quotations. Quotations were only sourced from a single potential service provider	Reported to Council	2,869	
Procurement of Newspaper publication services for publication of a Municipal Notice, via a single quotation. In terms of Section 16(2) of the SCM Policy the procurement required 3 quotations. Quotations were only sourced from a single potential service provider	Reported to Council	3,398	
Procurement of Newspaper publication services for publication of a Municipal Notice, via a single quotation. In terms of Section 16(2) of the SCM Policy the procurement required 3 quotations. Quotations were only sourced from a single potential service provider	Reported to Council	2,600	
The procurement of Catering Services for Youth Day, 18 June 2018. The project manager selected the services of more than one service provider and exceeded the total maximum cost for the type of procurement of R 30 000. Quotations were solicited directly from potential service providers. The RFQ was not advertised on the Notice Board and Website for a minimum of 7 days as required	Reported to Council	51,900	
Procurement of Newspaper publication services for publication of a Municipal Notice, via a single quotation. In terms of Section 16(2) of the SCM Policy the procurement required 3 quotations. Quotations were only sourced from a single potential service provider	Reported to Council	2,460	
Repairs of the waste compactor equipment without obtaining at least 3 quotations or applying to deviate from the requirements of the SCM Policy	Reported to Council	19,455	
The Project Manager failed to ensure that the service provider, Shorts Nissan, adhere to the terms of the contract by sub-contracting works. Also that the Project Manager failed to ensure that the service provider only provide parts from an OEM and only added the mark-up to any price that the BLM might have paid if we had direct dealings with such an OEM.	Reported to Council	764	

Procurement of Telemetry Services outside the terms of the contract with no approval for the extension of the contract on record	Reported to Council	816,965	
Procurement of Training services without obtaining at least 3 quotations and failing to advertise requirement on the notice board or website for at least 7 days. In addition award was not made applying the 80/20 Preferential Procurement Principle	Reported to Council	46,854	
Procurement of additional services at Mayoral Strategic Planning Event without obtaining quotations	Reported to Council	4,685	
Procurement of Gift Bags for June 16 without obtaining at least 3 quotations as required. 2 Quotations obtained and a 3rd after the event	Reported to Council	17,974	
Repair of a multi-functional office machine without obtaining 3 quotations	Reported to Council	4,630	
Procurement and payment for Catering at a Women Empowerment Workshop 26 July 2017. Event did not take place	Reported to Council	9,800	
Procurement of various legal books and literature without obtaining 3 quotations	Reported to Council	18,207	
Procurement of construction services without obtaining 3 quotations and failing to apply the contractors appointed for the purpose	Reported to Council	13,450	
Procurement of Aviation Fuel from BP in terms of a contract which was not validly procured in compliance with the SCM Policy.	Reported to Council	2,516,815	
Procurement from service providers who did not submit full declarations of disclosures as per SCM Regulation 13. Non-Compliance identified by the AG	Identified by the AG to be reported to Council	714,789	
The tender awarded to TMT was based on a fixed rate of R 77.90 per fine paid. The Project Manager allowed a Contract Price Adjustment, which was subsequently paid to TMT. Furthermore an additional Convenience Fee not included in the contract terms were also charged and paid to TMT.	Identified by the AG to be reported to Council	147,760	
Procurement from a service provider in the employee of the Btou Municipality. Ms C Ngemtu-Sonjani did not declare her shareholding before the transactions and subsequently misrepresented her shareholding in the company, Southern Ambitions1660 CC, by failing to disclose.	Identified by the AG to be reported to Council	3,870	
Procurement from a service provider in the employee of the Btou Municipality. Mr P Sebezo for Khula Africa did not declare his shareholding before the transactions and subsequently misrepresented his shareholding in the company by failing to disclose.	Identified by the AG to be reported to Council	17,500	
Procurement from service providers where the requirements were split in order to avoid the Formal Written Price Quotations which require advertisement of at least 7 days on the Website and Notice Boards.	Identified by the AG to be reported to Council	211,035	
The RFQ SCM/2018/59/FIN for the Review of the AFS was evaluation and recommendation was performed without confirming the quoted amount on the RFQ Submission of R 19 152 Including VAT @ 14%. The final award and payment was made R 21 833.28 Including VAT @14%. The discrepancy of R 2681.28, between the quotation submission and the final award was neither identified by the Project Manager (The Senior Audit Executive) who reviewed the technical evaluation report, nor the SCM Manager who was to confirm and recommend to the Accounting Officer. The contract was drafted and signed subsequently based award letter the without verifying the amount. The service provider did not inform the Municipality of the discrepancy.	Identified by the AG to be reported to Council	2,681	
Awards made to service / providers based on the Preferential Points calculation excluding VAT in contravention of the definition of "price" requirements of the Preferential Procurement Regulations, 2017	Identified by the AG to be reported to Council	234,847	

Award to service provider MM Entertainment deemed to be irregular as the specifications were purportedly changed subsequent to the award by the Project Manager	Identified by the AG to be reported to Council	29,900	
An award to M van der Merwe t/a Etsha - SCM/2018/171/STRAT to the value of R129 870 was approved even though it did not meet the pre-qualification requirements as stipulated in the tender documents.	Identified by the AG to be reported to Council	128,425	
<p>The Bitou Municipality procured the Collaborator Foundation System in terms of a transversal procurement arrangement via the Eden District Municipality (EDM). The agreement with the EDM was duly procured in terms of the EDM SCM Policy, but only for the provision of the software and licensing of the system from Business Engineering (BE). The agreement did not include continuous system support services.</p> <p>The Administration Section requires the continuous development of the System, in-line with the BLM policies and procedures and need on-site support from the service provider BE. BE is the developer and service provider of the system and does not allow access to other service providers on their proprietary system. However, the Project Manager, will be embarking on a procurement process in order to test the market. Until such time as a service provider have been appointed appropriately, it is deemed impractical for the BLM to procure the services in terms of an approved procurement process for the period July to December 2017. Unfortunately the final quantified deviation was only approved after expenditure have already being incurred. Accordingly, the deviation have now been re-classified as Irregular Expenditure.</p>	Identified by the AG to be reported to Council	285,126	
<p>The urgent appointment of armed close-protection service provider for the Executive Mayor for July and August 2017 after overt threats. He appointment was for 2 months and was disclosed as Irregular Expenditure from 01 September to 08 December 2017</p> <p>Unfortunately the final quantified deviation was only approved after expenditure have already being incurred. Accordingly, the deviation have now been re-classified as Irregular Expenditure.</p>	Identified by the AG to be reported to Council	184,680	
<p>During recent fires of 18th May 2018 at Craggs, Kurland, KwaNokuthula and Bossiesgeef/Qolweni areas, 66 shacks has been burned down. The affected families are currently homeless and immediate assistance is required to assist. Therefore the immediate supply of shack material to assist these families is required. There is adequate funding available for this procurement.</p> <p>Unfortunately the final quantified deviation was only approved after expenditure have already being incurred. Accordingly, the deviation have now been re-classified as Irregular Expenditure.</p>	Identified by the AG to be reported to Council	291,810	
<p>SCM/2018/186/COMM. According to the AG the pre-qualifying criteria of "Supplier must have at least performed 3 comparable projects" could have prevented other interested suppliers from submitting their quotes.</p> <p>Information on a supplier's own website is untested and should not be used to verify information to support pre-qualifying criteria without further substantiation. Evidence of this verification was also not included in the supporting evidence provided to audit to substantiate the award.</p>	Identified by the AG to be reported to Council	114,998	
Construction of Kranshoek Bulk Water Supply Pipeline Phase 1a Partion 1 - SCM/2018/11/ENG. Composition of BAC not in-line with SCM Policy requirement according to the AG	Identified by the AG to be reported to Council	4,574,654	
Remuneration of Councillors found to have exceeded the Upper Limits in terms of the Government Gazette & Council Resolution	Identified by the AG to be reported to Council	52,018	

**16,714,207**

**16,781,473**

**47.04 Material Losses****Water distribution losses**

- Kilo litres disinfected/purified/purchased
- Kilo litres lost during distribution
- Percentage lost during distribution

**Electricity distribution losses**

- Units purchased (Kwh)
- Units lost during distribution (Kwh)
- Percentage lost during distribution

2018	2017
3,218,167	3,103,467
685,636	235,958
21.31%	7.60%
108,499,143	105,430,932
14,303,874	8,399,794
13.18%	7.97%



		2018 R	2017 R
48	<b>ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT</b>		
48.01	<b><u>Contributions to organised local government - [MFMA 125 (1)(b)] - SALGA CONTRIBUTIONS</u></b>		
	Council subscriptions	2,004,658	1,894,889
	Amount paid - current year	(2,004,658)	(1,894,889)
	<b>Balance unpaid (included in creditors)</b>	-	-
48.02	<b><u>Audit fees - [MFMA 125 (1)(c)]</u></b>		
	Opening balance	-	-
	Current year audit fee	2,398,201	2,158,288
	External Audit - Auditor-General	2,398,201	2,158,288
	Amount paid - current year	(2,398,201)	(2,158,288)
	<b>Balance unpaid (included in creditors)</b>	-	-
48.03	<b><u>VAT - [MFMA 125 (1)(b)]</u></b>		
	Vat in suspense	9,746,742	4,297,914
	<b>Receivable/Payable</b>	<b>9,746,742</b>	<b>4,297,914</b>
	VAT is payable/receivable on the receipt basis. VAT is only paid over to SARS once cash is received from debtors and only claimed from SARS once payment is made to creditors.		
		2018 R	2017 R
48.04	<b><u>PAYE, SDL and UIF - [MFMA 125 (1)(c)]</u></b>		
	Opening Balance		-
	Current year payroll deductions and Council Contributions	27,479,076	25,889,561
	Amount paid - current year	(27,479,076)	(25,889,561)
	<b>Balance unpaid (included in creditors)</b>	-	-
48.05	<b><u>Pension and Medical Aid Deductions - [MFMA 125 (1)(c)]</u></b>		
	Opening balance	-	
	Current year payroll deductions and Council Contributions	51,184,991	45,879,514
	Amount paid - current year	(51,184,991)	(45,879,514)
	<b>Balance unpaid (included in creditors)</b>	-	-
48.06	<b><u>Councillor's arrear consumer accounts - [MFMA 124 (1)(b)]</u></b>		
	Councillors with arrear accounts for more than 90 days as at 30 June		
		2018 R Outstanding more than 90 days	2017 R Outstanding more than 90 days
	None	-	-
	<b>Total Councillor Arrear Consumer Accounts</b>	-	-

**48.07 Deviations from SCM processes in terms of section (36)(2) of the SCM Regulations**
**2018  
R**
**2017  
R**

Deviations from, and ratifications of breaches of the Procurement Processes due to Specialised Services, Advertising, Accommodation, Sole Suppliers, Emergencies, Breakdowns, Strip and Quotes are recorded.  
All the deviations were ratified by the Municipal Manager and reported to Council

Section from SCM Policy	Categories		
36(1)(a)(i)	In an emergency which is considered an unforeseeable and sudden event with materially harmful or potentially materially harmful consequences for the municipality which requires urgent action to address	-	1,217,620
36(1)(a)(ii)	Where it can be demonstrated that goods or services are produced or available from a single provider only	124,734	3,105,099
36(1)(a)(iii)	For the acquisition of special works of art or historical objects where specifications are difficult to compile	-	-
36(1)(a)(v)	Exceptional case and it is impractical or impossible to follow the official procurement processes	3,170,401	4,332,382
<b>Total</b>		<b>3,295,135</b>	<b>8,655,101</b>

**Minor Breaches from SCM processes in terms of Regulation 36(1) of the SCM Regulations**

<b>Section 36(1)(b)</b>	Ratification of Minor Breach of tender invitation not duly including requirement ' for Minimum Local Content	<b>3,417,977</b>	-
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**Awards above R2000 to spouses, child, parent of a person in service of the state (Section 45 of the Supply Management Policy).**
**48.08**

Company			State Organ	Designation	Amount R
Buchumile General Trading	Spouse	SIJAMA. J	Bitou Mun	Public Officer	19,860
Sidomela Trading Enterprise CC	Spouse	NGQOLEKA. TW	Bitou Mun	General Worker	38,838
Biso (Pty) Ltd	Spouse	NCAME .DJ	Bitou Mun	Manager	58,970
Shelfplett 40 T/A Isolomzi Security Services	Spouse	YONN. LB	SAP	Officer	10,511,834
Total					10,629,502

**49**
**Commitments in respect of capital expenditure:**
**Asset class**
**2018  
R**
**2017  
R**

Approved and contracted for:

**19,254,400**
**12,741,388**

Total commitments consist out of the following:

Tender SCM/MSID 57/2014	Water Supply Infrastructure		1,958,627
SCM/2017/39/ENG	Electrical Infrastructure		854,538
SCM/2017/52/ENG	Sanitation Infrastructure		2,293,590
SCM/2017/59/ENG	Water Supply Infrastructure		436,156
SCM/2017/63/ENG	Other Assets		1,430,215
SCM/2017/91/ENG	Community Assets		2,274,246
SCM/2017/95/FIN	Roads Infrastructure		903,298
SCM/2017/111/STRAT	Water Supply Infrastructure		2,590,719
SCM/2018/02/ENG	Roads Infrastructure	1,015,352	
SCM/2018/11/ENG	Water Supply Infrastructure	809,995	
SCM/2018/14/ENG	Roads Infrastructure	4,854,098	
SCM/2018/40/ENG	Sanitation Infrastructure	623,798	
SCM/2018/55/ENG	Sanitation Infrastructure	3,146,970	
SCM/2018/79/ENG	Water Supply Infrastructure	1,968,292	
SCM/2018/93/ENG	Community Assets	121,776	
SCM/2018/149/ENG	Sanitation Infrastructure	2,590,992	
SCM/2018/176/ENG	Libraries	468,004	
SCM/2018/27/COMM	Community Assets	3,655,123	

This expenditure will be financed from:

**19,254,400**
**12,741,388**

Government Grants and Subsidies  
External Loans  
Own Funds

2018 R	2017 R
6,572,272	854,538
4,975,874	5,663,088
7,706,253	6,223,763
<b>19,254,400</b>	<b>12,741,388</b>

## FINANCIAL RISK MANAGEMENT

50

The activities of the municipality expose it to a variety of financial risks, including market risk (comprising fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The municipality's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the municipality's financial performance.

### (a) Foreign Exchange Currency Risk

The municipality does not engage in foreign currency transactions.

### (b) Price risk

The municipality is not exposed to price risk.

### (c) Interest Rate Risk

As the municipality has significant interest-bearing liabilities, the entity's income and operating cash flows are substantially dependent on changes in market interest rates.

The municipality analyses its potential exposure to interest rate changes on a continuous basis. Different scenarios are simulated which include refinancing, renewal of current positions, alternative financing and hedging. Based on these scenarios, the entity calculates the impact that a change in interest rates will have on the surplus/deficit for the year. These scenarios are only simulated for liabilities which constitute the majority of interest bearing liabilities.

The municipality did not hedge against any interest rate risks during the current year.

#### Sensitivity Analysis

0.5% Increase in interest rates	(170,162)	(130,153)
0.5% Decrease in interest rates	170,162	130,153

### (d) Credit Risk

Credit risk is the risk that a counter party to a financial or non-financial asset will fail to discharge an obligation and cause the municipality to incur a financial loss.

Credit risk consist mainly of cash deposits, cash equivalents, trade and other receivables and unpaid conditional grants and subsidies.

Receivables are disclosed net after provisions are made for impairment and bad debts. Trade debtors comprise of a large number of ratepayers, dispersed across different sectors and geographical areas. Ongoing credit evaluations are performed on the financial condition of these debtors. Credit risk pertaining to trade and other debtors is considered to be moderate due the diversified nature of debtors and immaterial nature of individual balances. In the case of consumer debtors the municipality effectively has the right to terminate services to customers but in practice this is difficult to apply. In the case of debtors whose accounts become in arrears, Council endeavours to collect such accounts by "levying of penalty charges", "demand for payment", "restriction of services" and, as a last resort, "handed over for collection", whichever procedure is applicable in terms of Council's Credit Control and Debt Collection Policy.

All rates and services are payable within 30 days from invoice date. Refer to note 20 and 21 for all balances outstanding longer than 30 days. These balances represent all debtors at year end which defaulted on their credit terms.

Balances past due not impaired:

	2018 %	2018 R	2017 %	2017 R
<b>Non-Exchange Receivables</b>				
Rates and Other Sundry Debtors	23.54%	3,839,114	48.49%	7,652,075
Traffic Fines	76.46%	12,472,035	51.51%	8,129,972
	100.00%	<b>16,311,149</b>	100.00%	<b>15,782,047</b>
<b>Exchange Receivables</b>				
Electricity	32%	2,217,731	35.83%	4,178,656
Water	0%	-	30.70%	3,579,847
Sewerage	0%	-	7.21%	841,185
Sundries	67%	4,704,305	26.31%	3,068,350
Refuse Removal	0%	-	-0.37%	(42,576)
Housing Rentals	1%	96,208	0.31%	35,983
	100%	<b>7,018,244</b>	100.00%	<b>11,661,445</b>

No receivables are pledged as security for financial liabilities.

Due to the short term nature of receivables the carrying value disclosed in note 20 and 21 of the financial statements is an approximation of its fair value. Interest on overdue balances are included at prime borrowing rate plus 1% where applicable.

The provision for bad debts could be allocated between the different classes of debtors as follows:

	2018 %	2018 R	2017 %	2017 R
<b><u>Non-Exchange Receivables</u></b>				
Rates	19.27%	22,282,397	12.60%	9,485,589
Other	0.00%	-	0.00%	-
Traffic Fines	80.73%	93,335,796	87.40%	65,778,864
	100.00%	<b>115,618,193</b>	100.00%	<b>75,264,453</b>
<b><u>Exchange Receivables</u></b>				
Electricity	6.51%	5,816,886	5.17%	3,253,205
Water	27.52%	24,594,500	34.86%	21,923,300
Refuse	23.65%	21,138,269	21.97%	13,818,102
Sewerage	38.05%	34,008,785	33.52%	21,080,251
Other	3.46%	3,093,859	3.34%	2,098,576
Housing Rentals	0.81%	721,560	1.15%	721,560
	100.00%	<b>89,373,859</b>	100.00%	<b>62,894,994</b>

The entity only deposits cash with major banks with high quality credit standing. Although the credit risk pertaining to cash and cash equivalents are considered to be low, the maximum exposure are disclosed below.

The entity only enters into non-current investment transactions with major banks with high quality credit standing. An investment to the value of R6 852 559 is held as security for a loan raised with DBSA. Although the credit risk pertaining to non-current investments are considered to be low, the maximum exposure are disclosed below.

The banks utilised by the municipality for current and non-current investments are all listed on the JSE. The credit quality of these institutions are evaluated based on their required SENS releases as well as other media reports. Based on all public communications, the financial sustainability is evaluated to be of high quality and the credit risk pertaining to these institutions are considered to be low.

	2018 R	2017 R
Financial assets maximum exposure to credit risk at year end is as follows:		
Receivables from exchange transactions	33,575,488	34,286,137
Receivables from non-exchange transactions	25,903,907	22,893,791
Cash and Cash Equivalents	140,813,192	126,055,319
Investments	6,852,559	6,102,365
Unpaid conditional grants and subsidies	-	14,480,577
Long-term Receivables	8,720	11,248
	<b>207,153,867</b>	<b>203,829,436</b>

**(e) Liquidity Risk**

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying business, the treasury maintains flexibility in funding by maintaining availability under credit lines.

The entity's risk to liquidity is a result of the funds available to cover future commitments. The entity manages liquidity risk through an ongoing review of future commitments and credit facilities.

The table below analyses the entity's financial liabilities into relevant maturity groupings based on the remaining period at the financial year end to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

<b>2018</b>	<b>Less than 1 year R</b>	<b>Between 1 and 5 years R</b>	<b>Between 5 and 10 years R</b>	<b>Over 10 Years R</b>
Long Term liabilities	37,286,793	145,546,802	56,082,321	-
Capital repayments	20,543,234	94,296,117	46,468,577	
Interest	16,743,559	51,250,685	9,613,744	
Trade and Other Payables	62,746,444	-	-	-
Unspent conditional government grants and receipts	2,120,348	-	-	-
	<b>102,153,585</b>	<b>145,546,802</b>	<b>56,082,321</b>	<b>-</b>
<b>2017</b>	<b>Less than 1 year</b>	<b>Between 1 and 5 years</b>	<b>Between 5 and 10 years</b>	<b>Over 10 Years</b>
Long Term liabilities	34,067,415	115,302,279	71,224,735	3,350,140
Capital repayments	18,536,418	71,347,368	55,537,222	3,103,395
Interest	15,530,997	43,954,911	15,687,513	246,745
Trade and Other Payables	58,777,465	-	-	-
Unspent conditional government grants and receipts	2,461,793	-	-	-
	<b>95,306,673</b>	<b>115,302,279</b>	<b>71,224,735</b>	<b>3,350,140</b>

51

In accordance with GRAP 104 the financial instruments of the municipality are classified as follows:

The fair value of financial instruments approximates the amortised costs as reflected bellow.

<b>51.01</b>	<b><u>Financial Assets</u></b>	<b><u>Classification</u></b>	<b>2018 R</b>	<b>2017 R</b>
	<b>Long-Term Receivables</b>			
	House Loans	Financial instruments at amortised cost	8,720	11,248
	<b>Receivables</b>			
	Receivables from exchange transactions	Financial instruments at amortised cost	33,575,488	34,286,137
	<b>Current Portion of Long-Term Receivables</b>			
	Housing Loans		3,442	3,921
	<b>Short-term Investment Deposits</b>			
	Call Deposits	Financial instruments at amortised cost	81,314,177	53,010,079

**Bank Balances and Cash**

Bank Balances  
Cash Floats and Advances

**Investments**

Financial instruments at amortised cost  
Financial instruments at amortised cost  
Financial instruments at amortised cost

**2018**  
**R**

59,483,835  
15,180

6,852,559

**181,253,401**

**2017**  
**R**

73,033,220  
12,020

6,102,365

**166,458,989**

**SUMMARY OF FINANCIAL ASSETS**

Financial instruments at amortised cost

181,253,401

166,458,989

**At amortised cost**

**181,253,401**

**166,458,989**

**FINANCIAL INSTRUMENTS (CONTINUE)****51.02 Financial Liability****Classification****Long-term Liabilities**

Annuity Loans

Financial instruments at amortised cost

140,690,864

129,987,984

**Payables from exchange transactions**

Trade creditors  
Other

Financial instruments at amortised cost  
Financial instruments at amortised cost

49,713,908  
13,032,536

50,431,350  
8,346,115

**Current Portion of Long-term Liabilities**

Annuity Loans  
Capitalised Lease Liability

Financial instruments at amortised cost  
Financial instruments at amortised cost

20,543,234  
-

16,573,715  
1,962,703

**223,980,542**

**207,301,868**

**SUMMARY OF FINANCIAL LIABILITY**

Financial instruments at amortised cost

**223,980,542**

**207,301,868**

**52 STATUTORY RECEIVABLES**

In accordance with the principles of GRAP 108, Statutory Receivables are classified as follows :

**Taxes**

Vat receivable

9,746,742

4,297,914

**Receivables from Non Exchange Transactions**

Rates  
Fines

13,193,742  
12,472,035

14,424,455  
8,129,972

**53 EVENTS AFTER THE REPORTING DATE**

No events or circumstances arising after the reporting date have come to the attention of management that would require adjustments to or disclosure in the financial statements.

**54 IN-KIND DONATIONS AND ASSISTANCE**

None

**55 PRIVATE PUBLIC PARTNERSHIPS**

Council has not entered into any private public partnerships during the financial year.

56	<b>CONTINGENT LIABILITIES</b>	2018 R
	<b>SANET DIXON AND OTHERS</b>	
	A High Court application was launched by the applicant to claim damages against the municipality. The municipality is opposing the application. If the municipality should lose the case, the legal cost of the plaintiff of approximately R 400 000 must be paid by the municipality. The claim against Bitou Municipality is to the amount of R 4 565 000.	4,965,000
	<b>JAMES LOOCKE AND VARIOUS OTHERS</b>	
	The Applicants filed an application for review under case no 6803/2017 at the High Court. They claim for the building plan approvals to be set aside for erf 1600. In addition, they ask that the building be demolished partially or entirely amounting to R 800 000 and also estimated legal cost R 90 000.	890,000
	<b>RENTWORKS AFRICA PTY LTD</b>	
	A High Court application was lodged by the applicant to claim damages for breach of contract. The municipality is opposing the application. In the event that the municipality should lose the case, legal cost of the plaintiff of approximately R250 000 must be paid by the municipality. The Plaintiff alleged that they are entitled to R 7 737 683.79.	7,987,684
	<b>MAJOR GENERAL TRADING CC</b>	
	The municipality is the plaintiff against the respondent who has provided professional services by submitting VAT claims to SARS on behalf of the Municipality. SARS assessment indicated that these claims were invalid and the claims had been disallowed. The Municipality now claim the amount from the service provider due to their negligent and reckless behaviour which causes the Municipalities damages.	300,000
	<b>MOHLALENG MEDIA</b>	
	This company has taken legal action against Bitou Municipality for alleged services provided, but not paid yet. Should the case go for Arbitration the estimated costs is R 170 000. The claimed amount is R 650 000.	820,000
	<b>CYCO SALES (PTY) LTD</b>	
	Bitou lodged an application to demolish the building and have finally obtained an Order in the High Court to demolish the building. The First Respondent did not comply with the Order, thus the Municipality must now demolish the building and recover the cost from the First Respondent. The Legal cost to assist the Municipality to carry out the court order would not exceed R15 000. The estimated cost to demolish the building is R 3 500 000.	3,515,000
	<b>HENRIETTE MARIE HENDRICKS</b>	
	Public liability claim against Bitou Municipality for damages R 2 723 800. This matter is been covered by the municipalities insurers and their attorneys have taken over the matter. Should the Insurer not settle the claim, Bitou Municipality might be liable for the claimed amount.	2,723,800
	<b>TENIQUA WILDFIRE REHABILITATION AND AWARENESS</b>	
	The Plaintiff issued summons against Bitou Municipality regarding an awarded tender for the maintenance and repair of a specified road, in the Regional Court. Should the case go to trial, the legal cost is estimated at R 100 000. The plaintiff is suing for R 286 400.	386,400
	<b>PLOVER'S NEST INVESTMENTS (PTY) LTD</b>	
	A High Court application was launched by the applicant to set aside a decision of the Municipal Council regarding the license for the waste transfer station. The legal costs is estimated at R 150 000	150,000
	<b>LULAMILE KLAAS</b>	
	The Plaintiff has lodged an Appeal, at the Labour Court, against the decision for dismissal by the Bargaining Council. The Legal cost is estimated at R 50 000	50,000
	<b>JOHANNES PETRUS MARAIS &amp; OTHERS</b>	
	Bitou Municipality has taken legal action against the Defendant for augmentation levies, accrued interest and legal cost regarding a sectional title scheme. The legal cost is estimated at R 350 000 should the municipality not be successful.	350,000
	<b>LD MULCKHUYSE</b>	
	Litigation was launched by the applicant for the review of the Valuation Appeal Board Decision regarding the valuation of the applicant's property. The Legal cost is estimated at R 250 000.	250,000
	<b>GODFREY WINDVOGEL</b>	
	Bitou Municipality has taken action for eviction of a previous employee from a municipal house (PIE Application). The current legal cost is to the value of R 17 455.07.	17,455
	<b>ERF 437</b>	
	Bitou Municipality has taken action for the eviction of portion 40 of the Farm Hillview due to positioning of house, with regards to the Waste transfer station and safety of the occupants.	8,000

## 57 RELATED PARTIES

Key Management and Councillors receive and pay for services on the same terms and conditions as other ratepayers / residents.

The rates, service charges and other charges are in accordance with approved tariffs that were advertised to the public. No bad debt expenses have been recognised in respect of amounts owed by related parties.

### 57.01 Related Party Loans

Since 1 July 2004 loans to councillors and senior management employees are not permitted.



## 57.02 Compensation of key management personnel

The compensation of key management personnel is set out in note 30 to the Annual Financial Statements.

## 57.03 Related party transactions

Councillors	Rates and Services Levied 1 July- 30 June R	Outstanding Balances 30 June 2018 R
<i>Councillor M.P. Lobese</i>	22,550	3,463
<i>Councillor J Kam Kam</i>	10,261	861
<i>Councillor A.R. Olivier</i>	10,261	861
<i>Councillor W.J. Nel</i>	20,399	1,781
<i>Councillor N.S. Ndayi</i>	10,261	861
<i>Councillor E.V Wildeman</i>	39,922	16
<i>Councillor S E Gcabayi</i>	7,215	605
<i>Councillor M.Booyesen</i>	4,969	5,529
<i>Councillor M. M. Mbali</i>	14,291	39,837
<i>Councillor N.C Jacob</i>	7,215	605
<i>Councillor A R Olivier</i>	-	-
<i>Councillor L. M. Seyisi</i>	-	-
<i>Councillor AS Windvogel</i>	10,261	861
<i>Councillor D Swarts</i>	11,663	972
<i>Councillor X Matyila</i>	8,230	608
<i>DJ Friedman</i>	24,907	1,807

## 57.04 Other related party transactions

The following purchases were made during the year where Councillors or staff have an interest:

Company	Description	Relation	Name	Designation	Amount R
BITOU MUNICIPAL SPORT COUNCIL	GRANT	<u>Director</u>	<u>WINDVOGEL J</u>	SCM PRACTITIONER	938,886
EMAWUSHENI CONSTRUCTION	CATERING	<u>Sister</u>	<u>SIKO M</u>	PROPERTY OFFICER	150,488
EMAWUSHENI CONSTRUCTION	CATERING	<u>Sister in Law</u>	<u>SIKO G</u>	ACCOUNTANT: REVENUE SERVICES	150,488
K2016450046 T/A Vision Projects	CLEARING	<u>Sister</u>	<u>GANGA S</u>	CHIEF: TRAFFIC SERVICES	195,487
SHEKYNAH PROJECTS	CATERING	<u>Brother in Law</u>	<u>GANGA S</u>	CHIEF: TRAFFIC SERVICES	643,809
PIKAS TOURS	TRAVEL	<u>Brother</u>	<u>PIKA J</u>	SPORTS DEVELOPMENT OFFICER	14,780
THE POTTERS HOUSE	CATERING	<u>Sister in Law</u>	<u>PIKA J</u>	SPORTS DEVELOPMENT OFFICER	3,574
THE POTTERS HOUSE	CATERING	<u>Director</u>	<u>PIKA A</u>	PART TIME	3,574
BUCHUMILE GENERAL TRADING	WASTE	<u>Spouse</u>	<u>SIJAMA J</u>	PUBLIC PARTICIPATION OFFICER	19,860
SIDOMELA TRADING ENTERPRISE CC	CONSTRUCTION	<u>Spouse</u>	<u>NGQOLEKA TW</u>	GENERAL WORKER	38,838
BISO (Pty) Ltd	CATERING	<u>Spouse</u>	<u>NCAME DI</u>	MANAGER	58,970
NANDI BULABULA	LEGAL SERVICE: Audit Committee		BULABULA N	AUDIT COMMITTEE MEMBER	447,601

## 58 Material variances between original and final budget

### 58.1 Statement of Financial Position

Ref.

C1	Initial Current Assets position was overestimated and therefore corrected in the adjustment budget
C2	No Material Variance
C3	This adjustment was done due to the raising new loans, causing us to adjust accordingly
C4	No Material Variance

## 58.2 Statement of Financial Performance

Revenue :

**Ref.**

C5 No Material Variance

C6 No Material Variance

C7 The revenue anticipated on the lease of municipal properties was initially underestimated and adjusted.

C8 No Material Variance

C9 The Original anticipated Revenue for Sales of Goods and Rendering of Services was overestimated due to past trends and was adjusted to rectify it

Expenditure :

**Ref.**

C10 No Material Variance

C11 No Material Variance

C12 The Operational Cost was overestimated due to Inventory Consumed and Contracted services being included under one budget. The budget was adjusted to rectify the changes

C13 The Contracted Services was underestimated and rectified to accommodate for the MSCOA classification for items. The budget was adjusted to rectify the changes

C14 Inventory consumed was underestimated and rectified to accommodate for the MSCOA classification for items. The budget was adjusted to rectify the changes

C15 No Material Variance

## 58.3 Cash flow

**Ref.**

Cash from Operating Activities:

C16 No Material Variance

Cash from Investing activities:

C17 Increase was mainly due to Disaster relief funds that was Gazetted

Cash from Financing Activities:

C18 No Material Variance

## 58.4 Capital Expenditure

**Ref.**

C19 Increase was mainly due to Disaster relief funds that was Gazetted and thus adjusted the figure upwards

**Material variances between actual amounts and the final budget**

59

## 59.1 Statement of Financial Position

**Ref.**

C1 Due to positive cash flow the municipality investing more which increase Cash and Cash Equivalents

C2 Lower Capital expenditure and more provision for depreciation as intisipated.

C3 Due to the impact of Trade and other Payables provision which was more than antisipated

C4 Due to the taking up of new loans our long term borrowing actuals increased

## 59.2 Statement of Financial Performance

Revenue :

**Ref.**

C5 Due to the purchase of 2 new cameras and placement thereof, it caused a spike in the fines income

C6 Due to an unexpected decrease in Electricity and Water sales due to drought and high energy cost.

C7 Due to rental contracts that did not realized.

C8 Fines recovered was unexpected. Service provider recovering fines older than 18 months

C9 No Material Variance

Expenditure :

**Ref.**

C10 Due to the delay in appointment of key personnel and resignations of staff members

C11 Fines expiring in 2018 and the writing off of non collection of rates were more than expected

C12 The Operational Cost was overestimated due to Inventory Consumed and Contracted services being included under one budget. That led to underperformance.

C13 The Contracted Services was under-estimated and rectified to accommodate for the MSCOA classification for items. That led to underperformance.

C14 No Material Variance

C15 Due to the increase in fines issued it was accompanied with provision for impairment due to a poor collection rate in terms of iGRAP 1

## 59.3 Cash flow

**Ref.**

Cash from Operating Activities:

C16 Mainly due to stricter measures put in place in order to prevent unnecessary Operating Expenditure.

Cash from Investing activities:

C17 The variance is due to a reduction in MIG funding

Cash from Financing Activities:

C18 The Repayment of Loans was more than anticipated in the Budget.

## 59.4 Capital Expenditure

**Ref.**

C19 The variance is due to a reduction in MIG funding

**APPENDIX A - Unaudited**  
**BITOU LOCAL MUNICIPALITY**  
**SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2018**

<b>EXTERNAL LOANS</b>	<b>Rate</b>	<b>Loan Number</b>	<b>Redeemable</b>	<b>Balance at 30 JUNE 2017</b>	<b>Correction of errors</b>	<b>Balance at 30 JUNE 2017 Restated</b>	<b>Received during the period</b>	<b>Redeemed/ written off during the period</b>	<b>Balance at 30 JUNE 2018</b>
<b>ANNUITY LOANS</b>									
Development Bank	10.95%		31/12/2019	925,000	-	925,000	-	370,000	555,000
Development Bank	11.24%		31/12/2020	1,377,895	-	1,377,895	-	393,684	984,211
Development Bank	16.00%		31/12/2022	4,532,000	-	4,532,000	-	824,000	3,708,000
Development Bank	10.64%		30/06/2029	22,157,886	-	22,157,886	-	948,753	21,209,133
Development Bank	10.72%		30/06/2024	1,858,275	-	1,858,275	-	186,762	1,671,514
Standard Bank	10.56%		30/06/2020	1,229,790	-	1,229,790	-	365,470	864,320
Standard Bank	11.45%		30/06/2025	15,101,656	-	15,101,656	-	1,238,442	13,863,214
Standard Bank	11.26%		30/06/2021	8,798,929	-	8,798,929	-	1,859,082	6,939,847
Standard Bank	10.71%		31/12/2021	8,683,250	-	8,683,250	-	1,593,970	7,089,280
Standard Bank	10.86%		31/12/2021	8,404,366	-	8,404,366	-	1,538,576	6,865,791
Standard Bank	10.94%		30/06/2023	8,815,460	-	8,815,460	-	1,107,332	7,708,128
Standard Bank	10.00%		30/06/2018	268,206	-	268,206	-	268,206	0
Standard Bank	11.43%		30/06/2024	9,701,535	-	9,701,535	-	972,279	8,729,256
Standard Bank	11.12%		30/06/2019	2,051,733	-	2,051,733	-	970,812	1,080,921
Nedbank	11.81%		30/06/2025	8,829,837	-	8,829,837	-	708,658	8,121,179
Nedbank	10.54%		30/06/2028	18,827,689	-	18,827,689	30,873,552	1,343,295	30,873,552
Absa	10.36%		30/06/2026	24,998,191	-	24,998,191	-	1,511,832	17,484,394
Absa	10.04%		2017/2027		-		-		23,486,359
<b>Total Annuity Loans</b>				<b>146,561,701</b>	<b>-</b>	<b>146,561,701</b>	<b>30,873,552</b>	<b>16,201,153</b>	<b>161,234,100</b>
<b>LEASE LIABILITY</b>									
Finance Leases									
				1,962,703		1,962,703		1,962,703	0
<b>Total Lease Liabilities</b>				<b>1,962,703</b>	<b>-</b>	<b>1,962,703</b>	<b>-</b>	<b>1,962,703</b>	<b>0</b>
<b>TOTAL EXTERNAL LOANS</b>				<b>148,524,403</b>	<b>-</b>	<b>148,524,403</b>	<b>30,873,552</b>	<b>18,163,856</b>	<b>161,234,099</b>

**APPENDIX B - Unaudited**  
**BITOU LOCAL MUNICIPALITY**  
**SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2018**  
**MUNICIPAL- VOTES CLASSIFICATION**

2017 Actual Income R	2017 Actual Expenditure R	2017 Surplus/ (Deficit) R		2018 Budget Income R	2018 Actual Income R	2015 Budget Expenditure R	2018 Actual Expenditure R	2018 Surplus/ (Deficit) R
(144,789,741)	151,555,428	6,765,687	Community Services	(126,629,359)	(151,114,473)	161,272,934	200,661,178	49,546,705
(317,150)	32,145,463	31,828,313	Corporate Services	(39,696,629)	(32,597,090)	37,699,240	30,919,798	(1,677,292)
(2,499,000)	6,193,558	3,694,558	Council	(2,961,560)	(2,979,019)	6,887,708	6,536,140	3,557,122
(141,817,277)	49,116,949	(92,700,328)	Financial Services	(140,806,203)	(145,640,188)	59,971,144	58,900,871	(86,739,317)
(8,318,198)	27,985,191	19,666,993	Strategic Services	(3,968,840)	(3,939,234)	34,892,761	27,549,422	23,610,188
(30,197,727)	34,401,809	4,204,082	Office of the Municipal Manager	(107,830)	(188,314)	24,427,224	22,476,252	22,287,938
(289,005,530)	228,983,791	(60,021,739)	Municipal Services and Infrastructure Development	(350,450,784)	(335,093,688)	247,182,298	261,666,220	(73,427,468)
(616,944,623)	530,382,188	(86,562,434)	<b>Sub Total</b>	(664,621,205)	(671,552,006)	572,333,309	608,709,882	(62,842,124)
			Less Internal charges	46,801,480	10,542,580	(46,801,480)	(10,542,580)	
(616,944,623)	530,382,188	(86,562,434)	<b>Total</b>	(617,819,725)	(661,009,426)	525,531,829	598,167,302	(62,842,124)
					106.99%		113.82%	

**APPENDIX B (1)- Unaudited  
BITOU LOCAL MUNICIPALITY  
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2018  
MUNICIPAL SUB- VOTES CLASSIFICATION**

2017 Actual Revenue R	2017 Actual Expenditure R	2017 Surplus/ (Deficit) R		2018 Budget Revenue R	2018 Actual Revenue R	2015 Budget Expenditure R	2018 Actual Expenditure R	2018 Surplus/ (Deficit) R
(28,259,903)	13,404,736	(14,855,167)	Admin General Expenses	(39,064,859)	(31,763,352)	2,758,714	2,214,861	(29,548,490)
-	6,733,237	6,733,237	Administrative Services	-	-	7,871,639	6,594,682	6,594,682
(3,493,220)	3,680,420	187,199	Aerodrome	(3,180,451)	(3,789,968)	4,520,730	4,730,048	940,080
(1,695,000)	9,526,360	7,831,360	Budget and treasury	-	-	-	-	-
-	-	-	Budget and Treasury Office	(1,880,000)	(1,880,000)	12,617,837	8,180,433	6,300,433
(2,554,625)	2,860,728	306,103	Building Control	(2,065,880)	(3,001,470)	3,504,100	2,873,009	(128,461)
-	2,746,352	2,746,352	Communication	-	-	4,548,501	2,996,622	2,996,622
-	1,940,494	1,940,494	Community Services	-	-	4,068,229	4,261,935	4,261,935
-	71,418	71,418	Computer Room	-	-	101,960	21,824	21,824
(949,620)	2,323,693	1,374,073	Council General	(1,125,393)	(1,125,783)	3,032,892	3,331,814	2,206,031
(152,633,556)	127,063,463	(25,570,093)	Electrical and Mechanical Engineering Services	(178,790,366)	(157,275,959)	138,748,001	137,305,752	(19,970,207)
-	-	-	Environmental Management	-	-	-	-	-
-	4,709,416	4,709,416	Expenditure	-	-	5,515,483	4,630,478	4,630,478
(137,792)	5,567,186	5,429,395	Fleet Maintenance	-	(744,669)	13,457,122	11,632,449	10,887,780
-	1,857,590	1,857,590	HOD: Community Services	-	-	1,282,818	49,398	49,398
-	1,670,402	1,670,402	HOD: Corporate Services	-	-	1,368,539	1,391,642	1,391,642
(18,828,362)	9,507,243	(9,321,119)	HOD: Financial Services	(8,501,560)	(12,303,972)	5,359,503	9,293,240	(3,010,733)
-	2,376,175	2,376,175	HOD: Infrastructure Services	-	-	1,971,326	1,017,869	1,017,869
-	1,887,928	1,887,928	HOD: Strategic Services	-	-	1,451,181	1,805,222	1,805,222
(317,150)	13,049,441	12,732,291	Human Resources Management Services	(631,770)	(833,738)	14,892,079	12,066,830	11,233,092
(67,525,679)	25,758,280	(41,767,399)	Human Settlement and Housing	(40,405,190)	(32,738,996)	31,982,590	28,893,959	(3,845,037)
-	1,551,206	1,551,206	IDP	-	-	1,873,827	1,774,331	1,774,331
(119,512)	7,807,291	7,687,779	Information and Communication Technology (ICT)	-	(7,398)	13,006,417	10,137,872	10,130,474
-	539,108	539,108	Infrastructure Services	-	-	2,463,977	938,428	938,428
-	3,234,802	3,234,802	Internal Audit and Risk Management	-	-	4,571,492	3,734,293	3,734,293
-	6,005,537	6,005,537	Legal Services	-	-	6,259,768	5,655,161	5,655,161
(10,542,154)	9,731,752	(810,402)	Library and Information Services	(10,460,859)	(9,869,874)	12,096,684	10,392,403	522,529
-	2,921,280	2,921,280	Local Economic Development	-	-	3,881,787	3,144,348	3,144,348
(1,803,890)	2,404,632	600,741	Municipal Land and Buildings	(1,327,940)	(518,284)	6,621,833	4,714,938	4,196,654
-	2,643,651	2,643,651	Municipal Manager	-	-	1,885,928	2,303,336	2,303,336
-	560,498	560,498	Office of the CFO	-	-	627,292	471,539	471,539
(299,880)	586,071	286,191	Office of the Deputy Mayor	(355,387)	(355,387)	671,420	633,799	278,412
(574,770)	1,130,816	556,046	Office of the Executive Council	(681,159)	(681,159)	1,124,960	1,321,839	640,680
-	-	-	Office of the HOD: Strategic Services	-	-	481,900	593,580	593,580
(374,850)	1,484,973	1,110,123	Office of the Mayor	(444,234)	(461,303)	1,385,328	1,185,219	723,916
-	3,669,882	3,669,882	Office of the Municipal Manager	-	-	2,593,101	3,927,662	3,927,662
(1,937,824)	11,448,738	9,510,913	Office of the Political Office Bearers	(107,830)	(188,314)	15,376,703	12,510,961	12,322,647

2017 Actual Revenue R	2017 Actual Expenditure R	2017 Surplus/ (Deficit) R	2018 Budget Revenue R	2018 Actual Revenue R	2015 Budget Expenditure R	2018 Actual Expenditure R	2018 Surplus/ (Deficit) R
(299,880)	668,005	368,125	(355,387)	(355,387)	673,108	63,471	(291,916)
(418,398)	9,198,019	8,779,621	(482,200)	(2,986,067)	9,496,364	9,439,179	6,453,112
(29,950)	227,687	197,738	(35,200)	(44,977)	1,572,786	561,243	516,265
-	1,429,493	1,429,493	-	-	1,431,048	1,425,355	1,425,355
-	6,074,264	6,074,264	-	-	8,889,934	10,881,388	10,881,388
(184,171)	2,554,326	2,370,156	(1,505,360)	(6,958)	3,744,356	3,037,228	3,030,270
-	1,636,525	1,636,525	-	-	1,237,881	1,526,614	1,526,614
-	17,473	17,473	-	-	5,837	1,238	1,238
-	1,604,317	1,604,317	-	-	2,094,694	1,956,249	1,956,249
-	163	163	-	-	42,500	7,264	7,264
(2,754,000)	3,019,736	265,736	(1,589,000)	(1,589,000)	2,983,553	3,050,288	1,461,288
-	5,912,347	5,912,347	(3,232,000)	(3,232,000)	9,334,368	6,573,303	3,341,303
(1,384,655)	11,036,163	9,651,508	(1,803,470)	(1,626,780)	12,338,426	12,239,991	10,613,211
-	17,593,188	17,593,188	-	-	16,935,289	18,814,127	18,814,127
-	2,043,848	2,043,848	-	-	2,278,023	2,141,484	2,141,484
(30,908,628)	32,958,189	2,049,561	(30,401,410)	(61,328,609)	22,635,361	57,231,599	(4,097,010)
(23,911)	10,354,814	10,330,904	(31,060)	(467,773)	12,492,073	9,186,694	8,718,921
-	83,004	83,004	-	-	127,046	71,178	71,178
(120,265,595)	1,515,332	(118,750,263)	(130,313,193)	(130,881,123)	5,514,199	13,337,840	(117,543,284)
(200,000)	19,449,831	19,249,831	-	-	26,754,392	28,032,919	28,032,919
(884,896)	4,981,572	4,096,676	(80,390)	(99,922)	4,609,334	3,569,774	3,469,852
-	5,774,988	5,774,988	-	-	6,690,916	5,541,269	5,541,269
(466,462)	5,282,057	4,815,594	(575,020)	(419,480)	8,244,186	5,137,976	4,718,496
(33,796,107)	29,456,102	(4,340,005)	(38,355,219)	(38,722,243)	26,762,415	35,035,227	(3,687,016)
-	3,226,553	3,226,553	-	-	1,356,343	2,737,278	2,737,278
(49,675,035)	10,732,406	(38,942,629)	(57,583,698)	(55,674,559)	14,611,597	25,371,569	(30,302,989)
(83,569,458)	15,283,994	(68,285,464)	(109,255,720)	(116,577,502)	21,808,500	33,624,272	(82,953,231)
(35,689)	35,812,993	35,777,304	-	-	13,693,119	11,382,093	11,382,093
-	-	-	-	-	-	-	-
(616,944,623)	530,382,188	(86,562,434)	-664,621,205	-671,552,006	572,333,309	608,709,882	-62,842,124
			46,801,480	10,542,580	(46,801,480)	(10,542,580)	
(616,944,623)	530,382,188	(86,562,434)	-617,819,725	(661,009,426)	525,531,829	598,167,302	(62,842,124)
				106.99%		113.82%	



**APPENDIX C - Unaudited**  
**BITOU LOCAL MUNICIPALITY**  
**SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2018**  
**GENERAL FINANCE STATISTIC CLASSIFICATIONS**

2017 Actual Income R	2017 Actual Expenditure R	2017 Surplus/ (Deficit) R		2018 Budget Income	2018 Actual Income R	2015 Budget Expenditure	2018 Actual Expenditure R	2018 Surplus/ (Deficit) R
(10,756,274)	16,311,850	5,555,576	Community and Social Services	(12,001,419)	(9,921,809)	22,764,873	18,302,207	8,380,398
(152,633,556)	127,063,463	(25,570,093)	Energy Sources	(178,790,366)	(157,275,959)	138,748,001	137,305,752	(19,970,207)
-	-	-	Environmental Protection	-	-	-	-	-
(4,436,824)	23,955,829	19,519,005	Executive and Council	(3,069,390)	(3,167,333)	26,743,440	25,278,099	22,110,767
(172,336,011)	100,698,471	(71,637,540)	Finance and Administration	(181,830,772)	(179,500,231)	117,749,339	106,168,056	(73,332,175)
(67,525,679)	25,758,280	(41,767,399)	Housing	(40,405,190)	(32,738,996)	31,982,590	28,893,959	(3,845,037)
-	3,234,802	3,234,802	Internal Audit	-	-	4,571,492	3,734,293	3,734,293
(3,021,088)	22,037,498	19,016,410	Planning and Development	(5,872,900)	(6,652,950)	30,914,380	23,866,519	17,213,569
(1,384,655)	13,080,011	11,695,356	Public Safety	(1,803,470)	(1,626,780)	14,616,449	14,381,475	12,754,695
(33,862,628)	75,936,227	42,073,599	Road Transport	(31,990,410)	(62,917,609)	73,743,898	109,085,230	46,167,621
(418,398)	18,338,302	17,919,904	Sport and Recreation	(482,200)	(2,986,067)	21,055,227	23,272,536	20,286,469
(33,796,107)	29,456,102	(4,340,005)	Waste Management	(38,355,219)	(38,722,243)	26,762,415	35,035,227	(3,687,016)
(49,675,035)	10,732,406	(38,942,629)	Waste Water Management	(57,583,698)	(55,674,559)	14,611,597	25,371,569	(30,302,989)
(83,605,147)	54,323,539	(29,281,607)	Water Management	(109,255,720)	(116,577,502)	36,857,962	47,743,642	(68,833,860)
(3,493,220)	9,455,408	5,962,188	Other	(3,180,451)	(3,789,968)	11,211,646	10,271,317	6,481,349
(616,944,623)	530,382,188	(86,562,434)	<b>Sub Total</b>	(664,621,205)	(671,552,006)	572,333,309	608,709,882	(62,842,124)
			Internal charges	46,801,480	10,542,580	(46,801,480)	(10,542,580)	
(616,944,623)	530,382,188	(86,562,434)	<b>Total</b>	(617,819,725)	(661,009,426)	525,531,829	598,167,302	(62,842,124)
					106.99%		-113.82%	

**APPENDIX D**  
**BITOU LOCAL MUNICIPALITY**  
**DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003**

Grant Description	Balance 1 JULY 2017	Correction of error	Balance 1 JULY 2017	Grants Received	Grants Adjustments	Operating Expenditure during the year Transferred to Revenue	Capital Expenditure during the year Transferred to Revenue	Balance 30 JUNE 2018
	R	R	R	R	R	R	R	R
<b>UNSPENT AND UNPAID GOVERNMENT GRANTS AND RECEIPTS</b>								
<b><u>National Government Grants</u></b>								
Equitable Share	2,281,791		-	74,039,000		74,039,000	-	-
MIG Grant			2,281,791	25,458,000		-	27,739,791	-
National Electrification Programme			-	10,000,000		-	10,000,000	-
ACIP			-	-		-	-	-
Drought Relief Grant			-	-		-	-	-
Municipal Systems Improvement Grant			-	-		-	-	-
Financial Management Grant			-	1,550,000		1,550,000	-	-
Escom Demand Side Management (EDSM)			-	-		-	-	-
EPWP			-	2,232,000		2,232,000	-	-
National DisasterManagement Grant			-	10,920,000		-	10,920,000	-
<b>Total National Government Grants</b>	2,281,791	-	2,281,791	124,199,000		77,821,000	48,659,791	-
<b><u>Provincial Government Grants</u></b>								
Financial Management Support Grant-mScoa			-	330,000		330,000	-	-
Local Government Graduate Internship Grant	60,000		60,000	66,000		50,976	-	75,024
Financial Management Capacity Grant	120,000		120,000	240,000		157,312	-	202,688
Financial Management Capacity Support Grant- Drought			-	1,800,000		1,000,000	1,800,000	-
Financial Management Support Grant- Drought			-	1,000,000		5,375	-	-
Community Development Workers			-	19,000		1,800,000	-	13,625
Libraries			-	1,800,000		32,738,996	-	-
Provincial Housing Grant	(14,480,576)		(14,480,576)	48,440,566		1,589,000	-	1,220,993
Proclaimed Roads Maintenance			-	1,589,000		7,440,244	556,740	608,015
Municipal Replacement Grant			-	8,605,000		345,084	-	-
LGSETA			-	1,450,000		1,450,000	-	-
Fire Services Capacity Building Grant			-	-		-	-	-
<b>Total Provincial Government Grants</b>	(14,300,576)	-	(14,300,576)	65,684,649	-	46,906,987	2,356,740	2,120,345

Grant Description	Balance 1 JULY 2017	Correction of error	Balance 1 JULY 2017	Grants Received	Grants Adjustments	Operating Expenditure during the year Transferred to Revenue	Capital Expenditure during the year Transferred to Revenue	Balance 30 JUNE 2018
<b><u>District Municipality Grants</u></b>								
Internal Audit		-	-				-	-
		-	-				-	-
<b>Total District Municipality Grants</b>		-	-				-	-
TOTAL	(12,018,784)	-	(12,018,784)	189,883,649	-	124,727,987	51,016,531	2,120,348
<b><u>Public Grants</u></b>								
Social Responsibility- Public contribution for assets								
LED Strategy (IDC)			-	2,595,375		2,595,375		-
Upgrade Kwano Sportfield			-			-		-
Alien Vegetation (Std Bank)			-			-		-
Fire Disaster	272,196		272,196	8,170		280,366		(0)
SASSA			-			-		-
<b>Total Other Grant Providers</b>	272,196	-	272,196	2,603,545		2,875,741	-	(0)
<b>Total</b>	<b>(11,746,588)</b>	<b>-</b>	<b>(11,746,588)</b>	<b>192,487,194</b>	<b>-</b>	<b>127,603,728</b>	<b>51,016,531</b>	<b>2,120,348</b>

# **Report of the auditor-general to the Western Cape Provincial Parliament and the council on the Bitou Municipality**

## **Report on the audit of the financial statement**

### **Opinion**

1. I have audited the financial statements of the Bitou Municipality set out on pages 4 to 99, which comprise the statement of financial position as at 30 June 2018 and the statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget and actual amounts for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Bitou Municipality as at 30 June 2018, and its financial performance and cash flows for the year then ended in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA) and the Division of Revenue Act of South Africa, 2017 (Act No. 3 of 2017) (Dora).

### **Basis for opinion**

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the financial statements section of this auditor's report.
4. I am independent of the municipality in accordance with the International Ethics Standards Board for Accountants' *Code of ethics for professional accountants* (IESBA code) and the ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

### **Emphasis of matters**

6. I draw attention to the matters below. My opinion is not modified in respect of these matters.

### **Restatement and reclassification of corresponding figures**

7. As disclosed in note 40 to the financial statements, the corresponding figures for 30 June 2017 were restated as a result of errors in the financial statements of the municipality at, and for the year ended, 30 June 2018.
8. As disclosed in note 41 to the financial statements, the corresponding figures for 30 June 2017 were reclassified and renamed to align with the Municipal Regulations on Standard Chart of Accounts (mSCOA) that came into effect on 1 July 2017.

### **Material losses and impairments of receivables**

9. As disclosed in note 20 to the financial statements, the municipality provided for the impairment of receivables from exchange transactions amounting to R89,3 million (2016-17: R62,8 million).
10. As disclosed in note 21 to the financial statements, the municipality provided for the impairment of receivables from non-exchange transactions amounting to R115,6 million (2016-17: R75,2 million).
11. As disclosed in note 33 to the financial statements, the municipality wrote off bad debt of R31,3 million (2016-17: R6 million) as irrecoverable.

### **Significant uncertainties**

12. With reference to note 56 to the financial statements, the municipality is the defendant in a number of lawsuits with third parties totalling R22,4 million. The outcomes of these matters cannot currently be determined and no provision for any liability that may result has been made in the financial statements.

### **Other matter**

13. I draw attention to the matter below. My opinion is not modified in respect of this matter.

### **Unaudited disclosure note**

14. In terms of section 125(2)(e) of the MFMA the municipality is required to disclose particulars of non-compliance with the MFMA in the financial statements. This disclosure requirement did not form part of the audit of the financial statements and accordingly, I do not express an opinion thereon.

### **Responsibilities of the accounting officer for the financial statements**

15. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the SA Standards of GRAP and the requirements of the MFMA and Dora and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
16. In preparing the financial statements, the accounting officer is responsible for assessing the Bitou Municipality's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting, unless the appropriate governance structure either intends to liquidate the municipality or to cease operations, or has no realistic alternative but to do so.

## **Auditor-general's responsibilities for the audit of the financial statements**

17. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
18. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report.

### **Report on the audit of the annual performance report**

#### **Introduction and scope**

19. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report material findings on the reported performance information against predetermined objectives for selected objectives presented in the annual performance report. I performed procedures to identify findings but not to gather evidence to express assurance.
20. My procedures address the reported performance information, which must be based on the approved performance planning documents of the municipality. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures also did not extend to any disclosures or assertions relating to planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.
21. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected objective presented in the annual performance report of the municipality for the year ended 30 June 2018:

<b>Objective</b>	<b>Pages in annual performance report</b>
Universal access to decent quality of services	12 – 14

22. I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
23. I did not raise any material findings on the usefulness and reliability of the reported performance information for the following objective:
- Universal access to decent quality of services

## **Other matters**

24. I draw attention to the matters below:

### **Achievement of planned targets**

25. Refer to the annual performance report on pages 12 to 14 for information on the achievement of planned targets for the year.

### **Adjustment of material misstatements**

26. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were on the reported performance information of universal access to decent quality of services. As management subsequently corrected the misstatements, I did not raise any material findings on the usefulness and reliability of the reported performance information.

## **Report on the audit of compliance with legislation**

### **Introduction and scope**

27. In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the compliance of the municipality with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.

28. The material findings on compliance with specific matters in key legislation is as follows:

### **Annual financial statements**

29. The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122(1) of the MFMA. Material misstatements in cash flow statement, statement of budget comparison and disclosure items identified by the auditors in the submitted financial statements were subsequently corrected resulting in the financial statements receiving an unqualified audit opinion.

### **Expenditure management**

30. Reasonable steps were not taken to prevent irregular expenditure amounting to R16,7 million as disclosed in note 47.03 to the annual financial statements, as required by section 62(1)(d) of the MFMA. The majority of the irregular expenditure was caused by non-compliance to the municipality's supply chain management policy.

### **Procurement and contract management**

31. Some of the quotations were awarded to bidders based on preference points that were not allocated and/or calculated in accordance with the requirements of the Preferential Procurement Policy Framework Act, 2000 (Act No. 5 of 2000) and its regulations.

## **Other information**

32. The accounting officer is responsible for the other information. The other information comprises the information included in the annual report which includes the audit committee's report. The other information does not include the financial statements, the auditor's report and the selected objective presented in the annual performance report that have been specifically reported in this auditor's report.
33. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.
34. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected objective presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
35. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

## **Internal control deficiencies**

36. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance on it. The matter reported below is limited to the significant internal control deficiency that resulted in the finding on compliance with legislation included in this report.

## **Leadership**

### **Action plans**

37. Leadership did not effectively monitor the implementation of action plans in a timely manner to address internal control deficiencies previously identified on procurement and contract management, resulting in material non-compliance findings in the current year.

## **Financial and performance management**

### **Compliance**

38. Management did not have adequate and effective monitoring and review processes implemented to ensure that the financial statements are supported by valid accurate and complete supporting information thus material misstatements resulted in non-compliance with section 122 of the MFMA being included in this report.



## Other reports

39. I draw attention to the following engagements conducted by various parties that had, or could have, an impact on the matters reported in the municipality's financial statements, reported performance information, compliance with applicable legislation and other related matters. These reports did not form part of my opinion on the financial statements or my findings on the reported performance information or compliance with legislation.
40. An independent consultant investigated allegations of possible misappropriation of the municipality's assets at the request of the municipal council, which covered several financial periods. The investigation concluded on 10 July 2017 and resulted in several recommendations made to the municipal manager.
41. An independent consultant investigated allegations levelled against the municipal manager and the director: corporate services, at the request of council, which covered the 2016-17 financial year. The investigation was concluded on 1 December 2017 and resulted in the lifting of the suspension of the municipal manager and the continuing suspension of and disciplinary action against the director: corporate services, which is currently in progress.
42. The MEC for Local Government informed the municipality of his intention to institute a forensic investigation into the procurement of goods and services by the municipality, based on allegations received. The municipality's attempt via a court of law to legally prevent this investigation failed subsequent to 30 June 2018.

*Auditor-General*

Cape Town

30 November 2018



AUDITOR - GENERAL  
SOUTH AFRICA

*Auditing to build public confidence*

## **Annexure – Auditor-general's responsibility for the audit**

1. As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements, and the procedures performed on reported performance information for the selected objective and on the municipality's compliance with respect to the selected subject matters.

### **Financial statements**

2. In addition to my responsibility for the audit of the financial statements as described in this auditor's report, I also:
  - identify and assess the risks of material misstatement of the financial statements whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
  - obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the municipality's internal control
  - evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the accounting officer.
  - conclude on the appropriateness of the accounting officer's use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Bitou Municipality's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify the opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause a municipality to cease continuing as a going concern
  - evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

### **Communication with those charged with governance**

3. I communicate with the accounting officer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.
4. I also confirm to the accounting officer that I have complied with relevant ethical requirements regarding independence, and communicate all relationships and other matters that may reasonably be thought to have a bearing on my independence and, where applicable, related safeguards.

# **ANNUAL REPORT OF THE AUDIT AND PERFORMANCE AUDIT COMMITTEE FOR THE YEAR ENDED 30 JUNE 2018**

## **1. INTRODUCTION**

On behalf of the Audit and Performance Audit Committee (hereinafter referred to as the APAC) I have a pleasure in submitting herewith the annual report of the APAC for the financial year ended 30 June 2018. The purpose of this report is to present the APAC progress to date in carrying out its oversight responsibilities, including oversight for the statutory audit process for the financial year ended 30 June 2018.

## **2. LEGAL FRAMEWORK GOVERNING THE AUDIT COMMITTEE**

**2.1** In terms of section 166(1) of the Local Government: Municipal Finance Management Act, 2003 (Act number 56 of 2003 as amended) (MFMA) each municipality is required to have an APAC.

**2.2** Section 166 (2)(a) of the MFMA states that the APAC is an independent advisory body which must "amongst others" advise the municipal council on matters relating to -

- i. Internal financial controls and internal audits;
- ii. Risk Management;
- iii. Accounting Policies;
- iv. The adequacy, reliability and accuracy of financial reporting and information;
- v. Performance Management;
- vi. Effective Governance;
- vii. Compliance with this Act, the annual Division of Revenue Act and any other applicable legislation;
- viii. Performance evaluation; and
- ix. Any other issues referred to it by the municipality.

**2.3** Sections 166(2)(b), (c), (d) and (e) requires the Committee to review the annual financial statements, respond to Council on any issues raised by the Auditor-General of South Africa (AGSA) in the audit report, carry out such investigations into the financial affairs of the municipality and to perform such other functions as may be prescribed by the Council.

**2.4** Regulation 14 (2)(a) of the Planning and Performance Management Regulations require the municipality to appoint and budget for a performance audit committee consisting of at three members, the majority of which may not be involved in the municipality as a councillor or an employee.

### 3. GOVERNANCE OF THE COMMITTEE

- 3.1** All members of the APAC are independent non-executive members and all meetings of the committee were held in accordance with the charter of the committee as approved by Council. The Chief Audit Executive (CAE) reports administratively to the Municipal Manager and functionally to the Audit Committee.
- 3.2** The Municipal Manager, Executive Mayor, Speaker, Directors of Directorates and Auditor-General of South Africa (AGSA) have standing invitations to all APAC meetings. Attendance of the APAC quarterly meetings by Top Management averages between 40% and 80%. It is imperative that senior management of the Municipality attend all APAC meetings to ensure that relevant concerns and required actions as may be applicable to each directorate may be timeously and effectively addressed.
- 3.3** The APAC has executed its responsibilities in accordance with section 166 of the Local Government: Municipal Finance Management Act, 2003 (Act number 56 of 2003 as amended).
- 3.4** An independent member chairs the APAC. Both the Internal and External Auditors have unrestricted access to the APAC.
- 3.5** The Council entrench effective governance by adopting the recommendations of the King IV Report on Corporate Governance for South Africa.
- 3.6** The members of the APAC and Sub-committees during the period under review were:

Name	APAC	Appointed	Total Number of Meetings 2017/2018	Number of Meetings Attended 2017/2018	Sub-Committee
					Risk Management Committee
Mr. I. Boardman	Chairperson	01 July 2012.	05	05	-
Mr. J Roux	Member	01 December 2015	05	05	Chairperson
Ms. N. Bulabula	Member	01 November 2013	02	02	-
Mr. LB Fatuse	Member	1 December 2017	03	03	-

- 3.7** Risk Management Committee, is a management committee chaired by an independent APAC member to guide and advise management while providing close APAC oversight.
- 3.8** The contract of one (1) member of the APAC were terminated before their expiry term because she resigned as member due to conflict of interest as she was appointed on the legal panel of Bitou Municipality. The contract of the Chairperson of the APAC expired on 30 June 2018.
- 3.9** During the year ending 30 June 2018, the APAC held meetings comprising of (4) ordinary and (1) special meetings.

#### **4. INTERNAL CONTROLS**

- 4.1** Internal Audit evaluated effectiveness of municipal system of internal controls following Auditor-General of South Africa (AGSA) Methodology and using the tool provided by AGSA.
- 4.2** Internal Audit reported system weaknesses and recommended corrective actions for management to address the deficiencies. Management partially implemented internal audit recommendations to enhance the system of internal controls to the acceptable level.
- 4.3** Effective control over Supply Chain Management remains a major weakness. This contributed to the significant reported unauthorised, irregular or fruitless and wasteful expenditure raised by the AGSA.
- 4.4** Other significant control deficiencies during the financial year were overtime, ineffective planning of projects e.g. events and ineffective implementation of Municipal Standard Chart of Accounts (mSCOA). The accuracy, validity and completeness of evidence on the reporting of the SDBIP/PMS remain a concern. One of contributing factors is the submission of evidence timeously.
- 4.5** Effectively addressing those findings of Internal Audit and AGSA assurance reports will have a meaning impact on the reported control environment within the Bitou Municipality.
- 4.6** The lack of progress in addressing audit findings results in the Bitou Municipality conducting operations in a weak control environment while being exposed to increased high risks of inaccurate information and errors and management being unable to promptly detect incidents of possible fraud.
- 4.7** Senior management should promote a culture in which administrative controls are constantly improved upon and where evidence of accountability and consequence management remains a key focus.

#### **5. INTERNAL AUDIT**

- 5.1** Internal Audit Unit completed within the first quarter of the 2017/2018 financial year the 19% of the 2016/2017 audits that was still in progress at 30 June 2017.
- 5.2** Internal Audit Unit completed almost 75% of its audit plan in terms of audit field work and reporting for the 2017/2018 financial year. Only 17% of audits were still in progress in terms of fieldwork at year end while 8% had been placed on hold until 2018/2019. This was due to management's request for postponement, extensions of scope on certain audits but all carried over audits were completed within the first quarter of the 2018/2019 financial year.
- 5.3** The committee is satisfied that the internal audit has during the year under review effectively focused its available resources towards identified critical risk areas in accordance with the approved Risk Based Annual Audit plan for 2017/2018. The APAC also approved the Risk Based Annual Audit plan for the 2017/2018 reporting period and was given the assurance that every effort will be made by the Accounting Officer/Municipal Manager to have all the resources available to properly execute the plan.
- 5.4** All Internal Audit activities were completed in accordance with the approved Internal Audit Charter and no compromise of the independence or objectivity of the function was observed throughout for the year under review.
- 5.5** With Internal Audit follow-up reports, the committee has noted that management has implemented an appropriate tracking system in terms of

which the various action plans by management to resolve the reported issues were tracked, managed at OPCAR and reported to the APAC.

- 5.6 The committee noted an improvement in the percentage of audit findings resolved by management.
- 5.7 The previous Chief Audit Executive (CAE) resigned during November 2017 and the Chief Risk Officer acted in the position up until the new CAE was appointed in May 2018.
- 5.8 The committee also believes that Internal Audit has effectively carried out its mandate and responsibility in accordance with the MFMA and approved Internal Audit Charter.
- 5.9 One-on-one discussions with the CAE did not reveal any matters of concern.
- 5.10 The effective implementation of Internal Audit assurance report recommendations by management should result in a meaningful reduction in the total reported figure of weak control and governance within the Municipality.

## **6. RISK MANAGEMENT**

- 6.1 During the 2017/18 financial year the Risk Management Committee (hereinafter referred to as the RMC) was not effective and this role was largely assumed by the APAC Committee to assist the Municipal Manager to execute his risk responsibilities.
- 6.2 The RMC was dysfunctional and was formally revived through a Risk Workshop with management during May 2018. Hence the RMC has not met continuously and regular met to monitor the risk management processes as stipulated in the terms of reference.
- 6.3 However, the RMC meeting that took place on 18 June 2018 was the first meeting within 2017/2018 financial year.
- 6.4 From the various reports received from the Chief Risk Officer the APAC is satisfied that the risk management processes were adequately designed although not effectively and efficiently implemented in some instances by management.
- 6.5 The timeous implementation of the mSCOA remains a high risk facing the Bitou Municipality. The deadline for full implementation has been being 1 July 2018. The municipality complied with all requirements, except for the requirement to fully integrate the Payroll / HR systems. This was however, not a requirement for category B3 municipalities. Bitou Municipality is defined as a category B3 municipality. However, management went out on a tender to ensure full compliance with mSCOA.
- 6.6 However due to limited Enterprise Risk Management (ERM) human and financial resources, the ERM Unit have not achieved their departmental objectives to continuously facilitate, assess and monitor the implementation of the risk control mitigating strategies.
- 6.7 The value-add of the Risk Management Unit is to ensure that a conducive control environment exist within the municipality through assisting management in the development of adequate control activities to mitigate risk identified.
- 6.8 Further, the committee acknowledges the progressive progress made in risk management processes which improved the risk management maturity level of the municipality.

## **7. PERFORMANCE MANAGEMENT**

- 7.1** The APAC noted that Management has developed a draft performance management framework policy, which has not yet been approved by Council.
- 7.2** The APAC monitored management's evaluation of identified "external service providers" as required by section 46 of the Municipal Systems Act, 2000.
- 7.3** The APAC is required to provide input into the mid-year performance report presented to Council. However this report was only submitted to the APAC after Council approval; which means the APAC were unable to provide meaningful input within the limited timeframe available.
- 7.4** The CAE in terms of the MFMA/MSA regulations on a quarterly basis audited the reported performance information. All system weaknesses reported were brought to the attention of the Municipal Manager.
- 7.5** An improvement has been noted in senior management being held accountable for their performance, although it is critical that a culture of accountability and consequence management be driven down through all levels within the Bitou Municipality.

## **8. COMPLIANCE WITH MFMA, THE ANNUAL DIVISION OF REVENUE ACT AND ANY OTHER APPLICABLE LEGISLATION**

- 8.1** The APAC recommended improvement to the system implemented by management. The CAE recommended that, the system to monitor compliance with applicable laws and regulations be enhanced to ensure reliability. The APAC also noted that compliance in some instances is not being addressed in a timely manner. Due to the ineffectiveness of the RMC as a sub-committee of the APAC during the 2017/2018; they RMC could not assist the APAC in tracking the progress by management in this regard.
- 8.2** Substantial costs have been incurred through forensic investigations undertaken with no evidence of action in respect of the forensic findings. Recommendations and required actions in respect of forensic reports should be concluded as soon as possible following the finalisation of these reports.
- 8.3** The Council need to approve a materiality framework within the next financial year; which provide for zero tolerance for noncompliance with municipal laws and regulations.

## **9. REVIEW AND EVALUATION OF QUARTERLY AND ANNUAL FINANCIAL STATEMENTS**

### **The committee has:**

- 9.1** Reviewed and discussed the Annual Financial Statements with management and AGSA, to be included in the Annual Report;
- 9.2** Reviewed the AGSA's management report and management's responses thereto; and
- 9.3** Reviewed the changes in the Accounting Policies and Practices.

## **10. AUDITOR-GENERAL (SA) AUDIT OPINION**

- 10.1** The committee has noted with concern that the audit opinion obtained by the municipality regressed from a clean audit opinion with no findings obtained in 2015/2016 to an unqualified opinion with findings obtained in 2016/17. The APAC has requested management to develop an action plan for submission to the APAC and monitoring on a quarterly basis. The APAC will closely monitor implementation of the corrective action program and on a regular basis report to Council on the progress made by management.
- 10.2** The APAC and the Chairperson of the APAC had meetings to discuss and resolve the concerns raised by the APAC and management regarding the external audit process. The APAC concurs with the opinion expressed by the AGSA.

## **11 INTERACTIONS WITH THE MUNICIPAL PUBLIC ACCOUNTS COMMITTEE (MPAC)**

The Chairperson of the APAC briefed the MPAC members about the processes followed by the APAC with regards to the evaluation of the Annual Report. The MPAC members were also briefed on the control system implemented by the CAE for purposes of tracking progress on the resolution of audit findings reported by the CAE and the AGSA.

## **12 ONE-ON-ONE DISCUSSIONS WITH THE EXECUTIVE MAYOR**

One-on-one discussions with the honorable Executive Mayor did not reveal any matters of concern.

## **13 APPRECIATION**

In conclusion the APAC expresses its appreciation towards the Municipal Manager and all other role players for the effective meetings the APAC had during the financial year. One-on-one discussions amongst the members of the APAC also did not reveal any matters of concern.



LB Fatuse

Chairperson of the Audit and Performance Audit Committee